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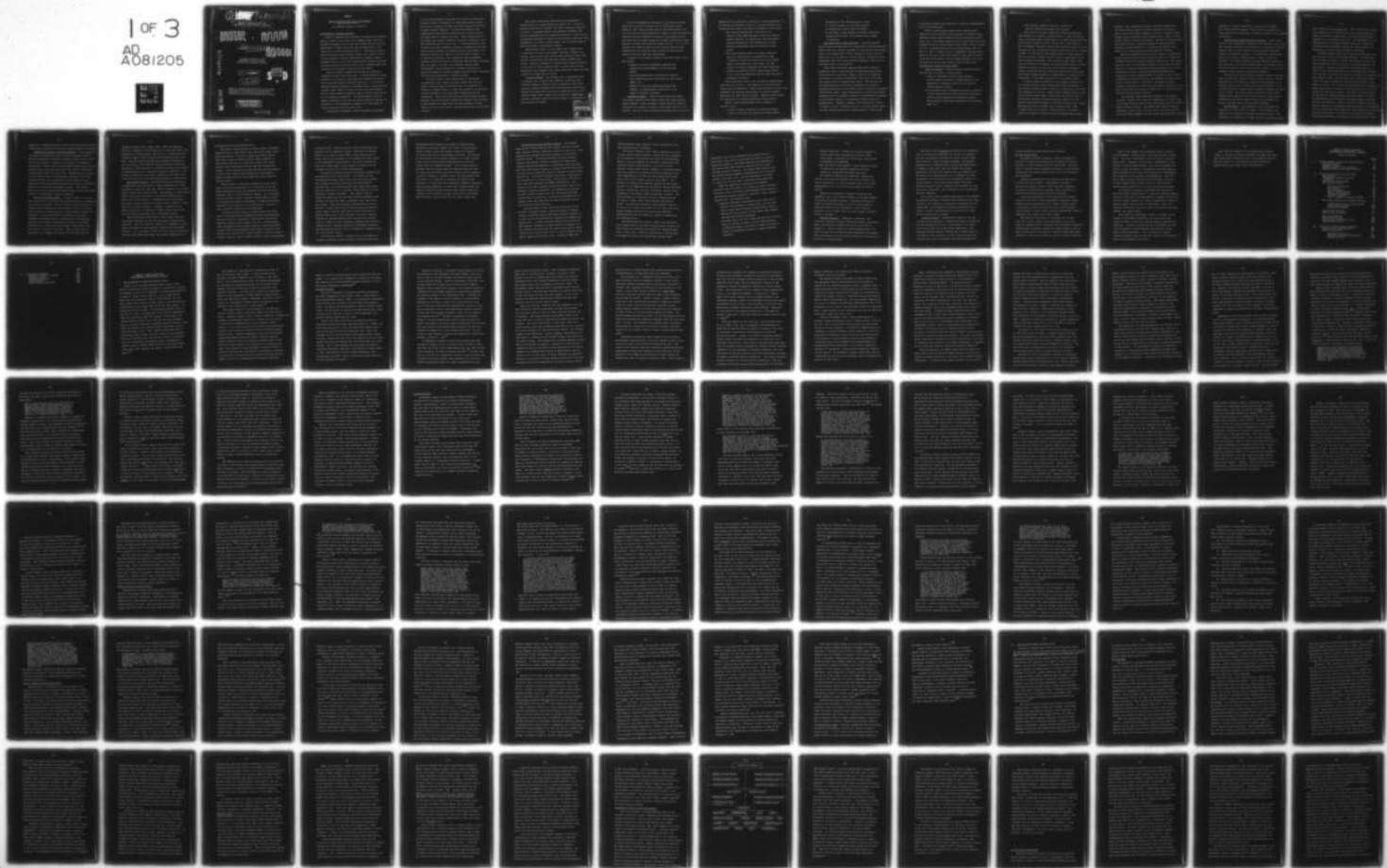
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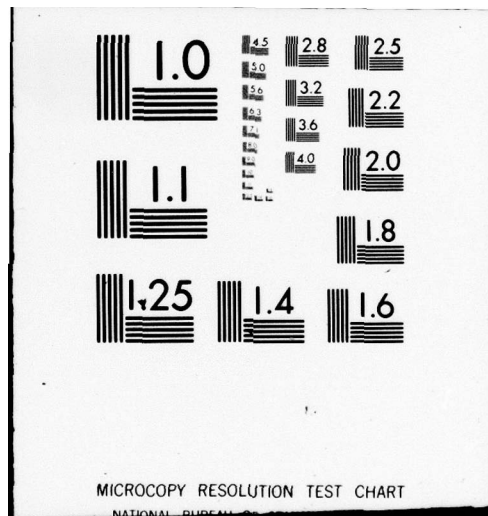
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Professor Ronald M. Schneider

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## Summary

### Brazil's Foreign Relations: Environment, Institutions, Outlook

by Professor Ronald M. Schneider

#### Environment of Foreign Relations

Brazil is nearing the ill-defined but generally recognized point at which it can claim to be a ranking power--the first southern hemisphere star in the world system and the first new world power to emerge since the rise of Japan early in the century and of China since World War II. The surge of energy propelling Brazil upward results largely from economic drives and the country's concrete objectives are chiefly economic--although there is a very real aspiration for national greatness spreading through the policy elites to the informed public and expectation of success at least by the year 2000.

Just as US policy dramatically raised its sights and expanded its focus after World War I, likewise Brazilian policy extends to all corners of the globe and includes new concerns with large-scale foreign economic operations. As it single-mindedly pursues development strategies within a changing world economic order, Brazil is using its new power and freedom to work out more flexible alignments than in the past--the policy of "no automatic alignments". Its identification with the Western countries of the cold war period tends more and more to fade away in the atmosphere of detente and a cash nexus is largely replacing older strategic ties.

The Brazilian government is well organized and prepared



for an active diplomacy, bordering on a kind of international economic warfare if necessary, to achieve the export growth and access to supplies of goods and credits which the nation's economic progress requires. The Brazilian executive has exceptionally wide powers to handle the big issues of policy and shape Brazil's foreign relations. These include most of the powers that western industrial countries customarily grant the leadership only in time of war. It can subordinate cross-currents of private interests, harmonize bureaucratic conflicts within agreed concepts of national security requirements, and generally maximize the impact of policies that it adopts. As to external constraints, the economy has made considerable progress toward buffering and regulating transnational influences that, by control of credit and investment sources, have traditionally restrained Brazil's freedom of decision on policy--although the external payments situation still constitutes the principal determinant of economic growth.

In rising toward major power status in the present international order, Brazil has been largely free from the need to organize massive military forces to provide for its security in global affairs, to seek the protection of exclusive military alliances, or to make other confining political commitments. Brazil can also stay free from military strategic pressures and keep military expenditures around a low 3 percent of GNP because its armed forces are the strongest in South America and the region itself is exceptionally free of interstate conflict.

The country experiences some conflicting pressures of various kinds as it moves onward and upward, e.g., to stay in harmony with both oil producers and major industrial consumers of energy, to appease military anticommunist sentiment that opposes expanding ties with communist countries, to keep the lid on political dissenters at home but avoid liberal and third world condemnation for abuse of human rights, and to balance between North and South in multilateral affairs.

Nevertheless, Brazil is not locked into a complex mesh of political, military, and economic interests, domestic and foreign, such as those that entangle the policies of many other nations, particularly ones that have already reached power status. Brazil is fighting its international battles basically on its own, yet from a position that is fairly free of major constraints and influences from other powers that might seriously curtail its independence of action.

Political Regime. Any prospects for a temporary period of military rule in Brazil were removed a decade ago when President Humberto Castello Branco's efforts to move toward political normalcy through partial gubernatorial elections in October 1965 backfired in the face of voter hostility to the regime in major urban centers and of hard-line (linha dura) military insistence that the punitive phase of the revolution had not gone far enough.

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One of the fundamental purposes of the military leaders since 1964 has been to replace the old "political class," flawed in their eyes with the vices of the Vargas-Goulart era, by a new civilian elite possessing "a sense of national security." They have met with substantial success in destroying the old political elite and have gradually renovated professional career services of armed forces and the foreign service. It is in the economic and technical agencies that turnover has been most complete since the military came to power and the resulting impact on national life most significant.

In place of the populist regime of the early 1960's there has evolved:

- repressive military leadership combined with technocratic decisionmaking in the political sphere;
- state entrepreneurship and discipline combined with liberal capitalist incentives in the economic sphere; and
- emphasis on national symbolism combined with openness to international corporations in the sphere of external relations.

Economic Situation. Brazil's GNP of more than US\$80 billion has doubled in per capita terms since rapid economic growth resumed in 1968, although it still falls far short of satisfying the desires and goals of most major sectors of the society. The key to past and future successes lies in the free

manipulation by technicians, backed by a strong government, of an economic system which allows for a sizeable domestic and foreign private sector, but which is dominated by the state.

--The "national bourgeoisie" functions as the lubricant that keeps the gears of the new coalition meshing smoothly, the cadres that staff the governmental bureaucracies, the subsidiaries of multinational corporations and the Brazilian private sector.

--The large absolute amount of foreign investment does not figure heavily in proportional terms (7 percent of more than \$100 billion total capital stock at the beginning of the 1970's) and the sources of foreign investment are quite diversified. Having also diversified her foreign trade, Brazil is in a much less dependent position than most other developing countries.

Brazil must keep turning over its massive external debt (more than \$20 billion). Any weakening of its good credit rating would be disastrous. Brazil must continue to attract new investment and persuade subsidiaries to reinvest sizeable proportions of their profits locally. Sharply rising demands for imports must be counterbalanced by rising exports.

Brazil's energy requirements figure largely in national policy.

--A major economic constraint on Brazilian foreign policy is the fact that Brazil must import nearly



80 percent of the crude petroleum it uses.

--It is also reaching out for major sources of hydroelectric power along its borders.

--It has begun a large program for nuclear generating stations which affect its relations with a number of countries.

Brazilian Views of Self and World. Brazilian foreign policy elites view the world as a place where countries generally pursue their own national interests to the point of ruthlessness. Aware of the constraints on their freedom of action, they are eager to be rid of them, but realize that it is chiefly through development more than through skillful diplomacy that Brazil's vulnerabilities can be minimized.

Major power aspirations per se rarely play a direct or determinant role in the decisions of Brazilian policy makers. Foreign policy is generally viewed in terms of its possible contribution to internal development, which will in the long run enhance Brazil's international status. The military and the technocrats seem relatively unconcerned with policies designed specifically to facilitate Brazil's pursuit of increased international power. They believe that as internal development progresses and the "economic miracle" is increasingly recognized as such abroad, Brazil's international prestige will rise concomitantly. Meanwhile, however, they realize that success in domestic policy is propelling Brazil into major power status and that foreign policy has an important part in the success

of national economic goals because of Brazil's interdependence with foreign economies.

Brazil's foreign policy makers have remained highly adaptive and also unified in their pursuit of national goals. Important foreign policy shifts have occurred several times since 1930: the present generation saw a shift away from close cooperation with the United States after Vargas' return to power in 1951, a reapproximation with the United States after his death in 1954, a venture into an "independent" foreign policy stand in the early 1960's that shaded to near open hostility toward the United States, and the sharp reversal of the anti-US trend when the military came to power in April 1964.

#### Institutional Actors and their Roles

Issues and Actors. Three principal concerns presently motivate much of Brazil's foreign policy:

- trade and investment drives of the economic agencies which see Brazil's foreign policy as the handmaiden of economic growth and are guided by wholly pragmatic values;
- the diplomatic and international political interests of the Foreign Ministry which strives to anticipate shifting power relations and keep Brazil ahead, particularly in Third World diplomacy at the present time; and



--the residue, largely historical, of cold war opinion, chiefly found among the military.

During 1974-75 economic imperatives became increasingly more conspicuous in Brazil's foreign policy. After oil prices rose to new high levels, Brazil had to set aside nearly two-fifths of its export income to pay for foreign oil. From Itaipu to Bonn to Baghdad, Brazilian economic and foreign ministry officials struggled to ease the burden of these energy costs on the national economy. In the process they stayed closer to energy producers than to the major consumer nations, took an independent road on nuclear energy development vis-a-vis the United States, dealt with the Soviets for turbines, and cast pro-Arab votes in the UN. Economic pressures carried Brazil away from its traditional western industrial partners, made new partners more attractive, and brought renewed emphasis on independence in foreign affairs reminiscent of the Quadros-Goulart era of the early 1960's.

In taking these new directions, the economic agencies and the Foreign Ministry found themselves generally compatible on the overall strategic thrust of policy if sometimes in less than full agreement on tactics. Despite their residual cold war bias, the military too were able to agree with the general lines of policy being followed since they identify closely with the dominant development strategy as the means to major power status and see Brazil as an economic not a military power. They recognize that Brazil needs a continued flow of investment capital and credits to finance heavy anticipated trade deficit.

Moreover, they increasingly question close partnership with the United States, seeing the latter weakened as a military power, lulled by detente, meddling in Brazil's internal affairs through questioning human rights abuses, and no longer the main foreign source of credits for Brazil. The Arab oil states, which have large financial resources and seem to measure Brazil's desserts by such gestures as its votes on the Zionist issue, appear as at least potentially more productive partners.

Angola has dramatized the revival of Brazil's "independent" policy and Third World alignment and the swing of the pendulum accompanying Brazil's economic stresses and strains. The Foreign Ministry, with its established political slant toward the Third World as a recipe for successful Brazilian diplomacy in the new international order, reportedly initiated the decision to recognize the Soviet-supported MPLA as a means to seal Brazil's identification with Black Africa and emphasize its non-alignment vis-a-vis White Africa. This move to recognize the MPLA seemingly presented an exceptional opportunity to gain points for Brazil among the new nations at slight cost in an area of fairly marginal foreign policy interests.

The military, even though not claiming to have global stretegic concerns, have long seen themselves as a major force in the South Atlantic and for that reason have their own special stake in African policy. The Soviet/Cuban threat in Angola undoubtedly revived their cold war fervor and again revealed that they deeply distrust and fear Soviet power and have a strong



commitment to expose its extension toward Brazil's sphere. This dissent does not, however, weaken their willingness to go along with the broad consensus in support of Brazil's more independent policy.

Foreign Affairs Decision-making Machinery. Nearly every ministry, most significant elements of the executive office, and many autonomous agencies are involved in the conduct of Brazil's foreign affairs, since important foreign policies intermesh closely with domestic policies. The fundamental institutional actors who determine foreign policy in Brazil include the President, the several advisory and staff agencies attached to the presidency, the military establishment, the Foreign Ministry, the Finance Ministry and related economic agencies, as well as closely related organs of the business community.

The Brazilian foreign affairs community remains relatively small despite rapid expansion since the early 1960's. Chiefly concentrated in the executive branch of the government, it is largely restricted to relatively high-level officials. There are few significant foreign affairs conscious groups below upper social levels. The foreign policy makers have great leeway because public opinion counts for so little in policy making. Institutions such as the media, parties, the Congress, the Church, and labor have relatively weak influence.

The Presidency. The tradition of strong presidential government is firmly rooted in Brazil, and Presidents have generally had substantial influence on foreign policy. The presidency is involved in all major decisions across the board,

from formulation to implementation. Under the military regime the presidency as an institution has grown substantially and become increasingly specialized to cope with the significant expansion of its foreign policy role. As consolidation of the administration in Brasilia narrowed inputs from outside the government during the Médici period, the centralization and concentration of policy-making authority increased.

President Ernesto Geisel has involved the presidency even more directly in the decision-making process. The continued hunt for export markets to sustain the "economic miracle" has made presidential advisors the key to policy-making more than ever before. The threat presented by the energy crisis, the need to shift toward the Arab side in the Middle East conflict, the challenge of quick-moving events in Portugal, new opportunities with regard to China, and the Cuban issue among other things, called for rapid presidential response during Geisel's first months in office. As a result the central executive agencies and specialized councils rather than the ministries have most often handled the difficult problems. Discussion of policy matters has become more broadly diffused than under Médici, but there is significantly less delegation of decision-making authority by the Chief Executive. Some of the 1974-75 moves that marked Brazil's decision to collaborate with new partners at the expense of old alliances may have originated in the ministries, particularly the Foreign Ministry. But together they must have reflected a strategic presidential level decision that Brazil is no longer

bound by its longstanding tacit alliance with the United States-- "responsible pragmatism" has evolved toward "pragmatic ecumenism."

Presidential Advisors and Staff Agencies. In the executive structure concerned with foreign as well as domestic affairs the key personality is Minister Golbery do Couto e Silva, Chief of the Civil Cabinet. Known as one of Brazil's leading geopoliticians, he has so far involved himself chiefly with domestic affairs, but he and Geisel have been very close in their basic international outlook for many years. Perhaps next in influence is the Minister-Chief of the Planning Secretariat João Paulo dos Reis Velloso, who coordinates and facilitates efficient operation of the policy-making machinery and serves as Secretary General of the Economic Development Council. This Council, while not directly charged with foreign affairs, makes decisions crucial to international economic relations.

The Military Establishment. The basic goals for foreign policy and limits on foreign policy behavior stem in a fundamental sense from the military. The influence of the armed forces on foreign policy derives from their political role as the President's essential constituency and is made effective through the President. In the international realm they are primarily concerned with nuclear policy, relations with Latin American countries and Portugal, the balance of forces in the South Atlantic, and, in the case with the Navy, controversies over the 200-mile territorial sea limit. Some of these make the headlines, e.g., Angola, but none are in the mainstream of



strategic foreign policy issues today. Hence the enormous political influence of the military for the most part bears only indirectly on foreign policy, chiefly as it affects the total national climate in which foreign policy decisions come to be made. Thus the several serious crises between the executive and the military since 1964 have in some central way involved resistance to moves designed to normalize political life through an increased role for or tolerance toward the opposition. The military leaders have continued to oppose policies that could dilute the authority of the military/technocratic ruling group.

The Foreign Ministry. The Foreign Ministry must operate in conjunction with (and often at times subordinate to) other governmental components that have greater authority to set fundamental orientations and priorities. The Ministry is conspicuously absent from the inner councils of the Geisel administration, where much of the deciding on fundamental goals and policies that affect foreign policy takes place within a network of small, partially overlapping bodies. Itamaraty, although to some degree involved in all aspects of foreign policy formulation, does not have the deciding voice on most major issues.

Since the military took power in 1964, career diplomats have headed Itamaraty for all but three years and nine months (1966-69). The inner circle of Itamaraty is composed of a half dozen individuals in daily personal contact with the Foreign Minister. It is this small group, much more than the geographic and functional department heads, that plays a leading role in

policymaking at the ministerial level.

The present core group has an unusual degree of economic expertise and, to some extent, lacks particular warmth toward the United States. Silveira's career and outlook differs from those of many of Brazil's senior career diplomats in that he has only once at a very early stage of his career served in the United States or any other English-speaking country. Within the Ministry there has been friction between Silveira's men, largely Spanish-speaking, and US-Western Europe-oriented officers, who dislike the stress placed on Hispanic America.

Brazil has had a rigorously professional career diplomatic service since World War II, and the bulk of the 700-member diplomatic service has graduated from the Rio Branco Institute, Brazil's foreign service academy. It is oriented toward the western world, primarily toward Europe in terms of attitudes and prestige assignments, although increasingly scattered in the outposts of the "Third World", and with a large contingent stationed in the Hemisphere.

Silveira has been trying to regain control over major levers of foreign policy formulation through new conceptualizations of Brazil's objectives, making use of the Foreign Ministry's special institutional ties, etc. The Ministry's often nationalist slant on policy tactics--toward Third World or other politically appealing lines--tends to conflict with economic agency policies of a more pragmatic kind which stress tangible material gains as well as with the cold war perceptions



of the military. Having pioneered a Black African link and declared for an independent nuclear technology, the Foreign Ministry has recently found itself on the winning side of policy debates over strategy as the pendulum has swung toward a more independent foreign policy. But recent history and long term trends appear to work against his efforts to get Itamaraty back on top of foreign policymaking.

The Brazilian foreign service has stressed representation and negotiation over other skills. In the past its few knowledgeable economic specialists have often been siphoned off to agencies directly concerned with these matters. Frustratingly, the foreign service finds itself less rather than more important at a time when foreign affairs is really beginning to matter for Brazil. This relative loss of importance stems from the fact that Brazil's expanding international role has been keyed to economic rather than diplomatic goals. Thus when Venezuelan representatives came to Brasilia in April 1974 to boost the Latin American Economic System (SELA), they met with eight economic and planning agency heads as well as the President and Foreign Minister. Although the Foreign Ministry does not primarily initiate policy, at least on major questions, Itamaraty does preserve a leading voice in narrower questions of diplomatic relations and international law and tries to effectively implement goals set by collective organs..

The Ministry performs a central role in the conduct of bilateral relations in which the basic directions have been



established and the general tone does not demand policy decisions of any great moment, as in most of Latin America (where economic issues are usually secondary to Brazil's political ends) and in many European countries. The Ministry is less central to multilateral affairs of a purely economic nature and to major bilateral negotiations on trade and finance with the industrial powers. The critical nature of dealings with the latter group and frequently massive scale not only cause the entire Brazilian foreign affairs community to take an interest in related issues, but also demands that they arrive at a substantial consensus in handling them. Similarly, on issues that have significant technical components such as energy questions, or where their language skills and effective personal relations with foreign policy makers are limited or not called for, as may be the case in the Middle East and Africa, the Ministry will not play a large role.

Finance Ministry and Economic Agencies. The economic agencies that wield authority over national policy on investment, monetary matters, industrial production goals, etc., have substantially extended their policy-making into the international sphere. The Finance Ministry and other economic agencies are central to Brazil's complex and varied international finance and commercial transactions--which now total more than \$20 billion annually in foreign trade and \$22 billion in foreign debt--appreciable sums in relation to a GNP of some \$80 billion. The Finance Ministry has played a large part in the formulation of foreign policy, particularly from 1968 to 1973 under the leadership of Antônio Delfim Netto. Key figures of his team included his personal brain trust of the Ministry's Assesoria Econômica, the presidents of the Bank of Brazil and the Central Bank, and the Planning Minister and Minister of Agriculture. He had close oversight also of agencies under the supervision of other ministries such as the Brazilian Coffee Institute.

During the Médici years the Finance Minister was the dominant influence on loans, terms and sources of foreign lending, investment policy, and export promotion (backed up in this last by the Ministries of Industry and Commerce and Agriculture). In these areas the Foreign Ministry was all but bypassed, although not always without a struggle, e.g., the conflict over priorities for Black Africa and for white/colonial Africa during early 1972, or on the countervailing duties issues with the US in 1974. On both of these the

Foreign Ministry took a harder or more "third world" line than Finance Ministry officials.

The field of foreign trade, where Itamaraty is but one of many official bodies involved, exemplifies the complexity of the Brazilian institutional structure for policy-making. Nearly a score of agencies are involved in formulating and executing foreign trade policies. At the top is the National Foreign Trade Council (CONCEX), an inter-ministerial body that shapes and coordinates policy and generally oversees implementation and that has been rehabilitated under Geisel after being largely inactive under Médici. The Minister of Industry and Commerce presides and the Council includes in its membership the Ministers of Foreign Relations, Finance, Agriculture, and Mines and Energy, as well as the presidents of the Central Bank and the Bank of Brazil. The Foreign Ministry is assigned the role of negotiating arm for Brazil at GATT, LAFTA, and other such multilateral forums. In supporting bilateral trade expansion efforts, its forte is to assess the politics of the other side and to suggest strategy and tactics to the economy agencies' representatives, who are chiefly in charge of formulating and executing policy.

The National Monetary Council (CMN) is the principal policy-making body in the area of international finance, and under Geisel has discussed and approved all important decisions in this area. Under the chairmanship of the Minister of Finance and tied to the Central Bank through staff



assistance, this council regulates the external value of the cruzeiro and tries to bring some equilibrium to Brazil's balance of payments. The Finance Minister and President of the Central Bank handle Brazil's affairs with the international financial agencies. The Central Bank consults with the private banking community concerning the flow of foreign capital into Brazil, etc., but the consultation is rather to coopt than to allow them to influence policy decisions.

Given its supervisory authority over Petrobrás, Nuclebrás, and Electrobrás, the Ministry of Mines and Energy has much to say in decisions that profoundly affect Brazil's international posture, position, and policy. Thus, Minister Shigeaki Ueki, has authority over:

--important diplomatic negotiations which center on the question of enrichment of nuclear fuel, and will draw Brazil closer toward whichever industrialized country becomes her major partner in this sphere (West Germany now seems the dominant candidate).

--Petrobrás, which (in 1975) spent more than US\$ 3 billion, nearly 40 percent of Brazil's total export earnings, on petroleum imports, and plans to import more than \$2 billion of equipment with which to exploit offshore oilfields;

--Itaipu Binacional, a concern set up with Paraguay to develop that massive hydroelectric project under Electrobrás, counterpart in the electric energy field of Petrobrás and Nuclebrás;

--The Vale do Rio Doce Company, a major exporter of iron ore which has two shipping companies and joint industrial enterprises with Japan and Italy.

The Transport Ministry has occasional influence on foreign policy and its influence will grow as Brazil completes construction of 765 new merchant ships with a total displacement of up to 6 million tons during the 1975-79 period.

Because of the primacy of domestic policy and the subsidiary role of the Foreign Ministry in economic matters, the Ministry functions primarily to provide political insights and negotiating skills in aid of the Minister of Mines and Energy and his associates in their field of authority as they travel about the globe seeking to further Brazil's interests.

Business Community. Commercial, industrial, and financial interests in Brazil essentially support the government's foreign policy rather than play a major role in shaping it. Brazil's pattern of State-entrepreneurial relations might well be termed jet-age Bismarckian; the government is determined that the private sector pull its weight in the drive to industrialize.

The public sector técnicos may function as a mediating link to the business community, but in the last analysis are most responsive to the military allies on whose favor their tenure in office ultimately depends. The National Confederation of Industry (CNI) and National Confederation of Commerce (CNC) since 1964 have become increasingly corporatist vehicles that function more for cooptation by the regime than representation to it, although of course cooptation, even if tilted in the government's favor, is a two-way street. Particularly under Delfim, São Paulo business interests had an unofficial and informal tie, and he was also accessible, nay, attentive to the international business community.

On an issue such as countervailing duties, the vigorous governmental defense of Brazilian shoe exports may be interpreted by some observers as response to pressures from the defense more likely stemmed from official perceptions of a threat to Brazil's development plan and hence to a major factor legitimizing the regime.

External Factors. Transnational forces are not key to basic policy decisions. Foreign investments in Brazil do not come predominantly from a single country, but rather from sources that are to some degree competitive. The hearings accorded foreign investors may at times result in reinforcing other pressures, but the influences generated are effective only to the degree that they correspond to



to the interests of significant internal actors.

#### Outlook and Prospects

The present political system is likely to endure and continue to sustain the existing foreign affairs elites and policies, at least through the end of the decade. Modifications of foreign policy resulting from shifts in the military, technocratic and foreign policy elites are apt to be gradual and incremental.

Economic considerations will continue to weigh heavily on Brazilian policy making. Developmental successes, particularly economic growth, constitute major components of Brazil's foreign affairs capacity, while remaining economic vulnerabilities impose important restraints.

Given the uncertainties of the international economic situation and Brazil's great developmental appetites, export expansion and diversification will almost certainly remain a major goal of Brazilian policy and also a most difficult one to achieve, as well as one involving considerable financial commitments and risks by the policy makers.

Not until the late 1980's or the 1990's at the very earliest is Brazil likely to have developed to the point where its compatibility of interests with the Western industrial nations might definitely override its shared concerns with the LDCs--either because of success in resolving market and supply problems or feeling less driven by goals of "national security."

Most of the elements and instruments needed to decide on and implement a sophisticated international policy already exist. The role of presidential staff agencies is likely to remain high. Itamaraty is not likely to reestablish a clear primacy in foreign policy making. The role of Congress, the parties, labor, the Church, intellectuals and mass media depends fundamentally on future internal political developments. Most immediate is the question of decompression, since the say of these actors on foreign policy is largely a function of their broader public policy influence, which would be significantly enhanced only in a more open political system.

In a period of economic retrenchment the distributive and social policy requirements of a more open political system could well lead to an increased degree of economic nationalism. Military leaders looking for a means of retaining or regaining popular support might be able to bring about a shift of a radically nationalist stance on issues like foreign investment, perhaps even rather quickly.

Under present circumstances, Brazil is steadily moving toward an accentuated nationalism, but with tactics and intensity likely to vary with changing internal and external conditions. Brazilian nationalism may be confident and relatively nonabrasive (though perhaps very effective in the global economic struggle). Or it may take on a greater stridency depending upon the shifting fortunes of the national quest for development and security.



But, short of collapse of the international economic system, it is hard to conceive of adverse circumstances which could deal Brazil harder blows than it has absorbed over the past two years, e.g., the energy crisis and disastrous weather killing its coffee crops and plantations.

**BRAZIL'S FOREIGN RELATIONS:  
ENVIRONMENT, INSTITUTIONS, OUTLOOK**

**Table of Contents**

	<u>Page</u>
I. The Environment of Brazilian Foreign Policy	1
Political Factors	3
Economic Factors	18
Brazilian Views of Self and World	28
External Factors and Brazilian Policy	41
II. Institutional Actors and Their Roles	51
The President	52
Presidential Advisors and Staff	
Agencies	61
The Military Establishment	64
The Foreign Ministry	74
The Foreign Ministers	75
Inner circle	78
The institution	80
Role in major policies	83
Economic policy-making	87
Itamaraty approach	91
Role in communist country relations	93
The Finance Ministry and Economic Agencies	99
Institutional role in foreign trade	102
International finance	105
Energy and transport	108
The Business Community	111
Congress and the Parties	117
Press and Academics	119
The Church and Labor	122
Ethnic Groups and Foreign Policy	123
Transnational Forces	125
III. Overview of Foreign Affairs Community	128
Institutional Characteristics	128
Arenas of Operation	131
Influencing decisions	131
Functional/regional concentration	134
Showing the flag	139

	<u>Page</u>
IV. Outlook and Prospects	141
Continuity--Limits of Change	142
Economic Outlook	151
Bilateral Relations	153
Policy Process	156
Other Possible Variations	160



BRAZIL'S FOREIGN RELATIONS:  
ENVIRONMENT, INSTITUTIONS, OUTLOOK

I. THE ENVIRONMENT OF BRAZILIAN FOREIGN POLICY

Brazil, one of the most upwardly mobile actors in the current international political system, is moving from a policy of engagement toward one of expansion in international affairs.<sup>1/</sup> In terms of foreign policy capacity, it is an upper-middle power with the potential to move into the ranks of the five great powers that presently occupy a place in the international stratification system below that of the two super powers: the United States and the USSR. Its continental expanse (fifth in the world in area), its population of 110 million (approaching Japan for sixth place among the nations of this globe), its rapidly growing economy (with a GNP that has just surpassed India's for 10th place), and its expanding foreign trade all underscore its potential for achieving major power status within a relatively short period. Thus, Brazilian spokesmen such as Armed Forces General Staff Vice Chief General Carlos de Meira Mattos are realistic when they say that "Brazil is presently trying to consolidate its position within a framework as a regional power, to which, because of their continental dimensions, only three countries can aspire: China, India, and Brazil."<sup>2/</sup>

The tendency to view Brazil as a significant factor on the world scene is quite recent. A short generation ago Argentina and Mexico appeared to be at least on a par with Brazil, which seemed barred by both its economic backwardness and non-Hispanic culture and society from any larger international role than merely one of the more important Latin American countries. Less than fifteen years ago unrealistic efforts by the governments of Jânio Quadros (January-August, 1961) and João "Jango" Goulart (September, 1961-March, 1964) to project an "independent" foreign policy contributed to the decision of the Armed Forces to oust Goulart.<sup>3/</sup>

This paper focuses on the environment of institutional actors in foreign affairs and policy making roles they play in Brazil. Assuming, however, that a country's capacity to engage in and influence international situations is affected by its ability to cope with its fundamental political problems, notable features of the Brazilian political system will be discussed to elucidate the internal environment of the institutions making foreign policy. Economic capabilities will also be discussed, because development priorities highly influence Brazilian policy decisions, while the remaining vulnerabilities of the Brazilian economy impose major constraints on foreign policy. Also, since capacity is only meaningful in terms of Brazil's specific goals and real international involvements, attention will be paid to the attitudes and outlook of Brazilian policy makers, as well as to international environment and those

stimuli to Brazil's foreign policy institutions that come from abroad. It is against this perspective of Brazil in the world that foreign policy decision-making process analyzed in Part II can be most adequately comprehended.<sup>4/</sup>

#### Political Factors

The major watersheds in Brazilian political development have been independence from Portugal (1822), establishment of an elite-dominated republic (1889), its overthrow by disaffected young military and alienated civilian middle-class elements (1930), the end of the neo-corporatist regime of Getúlio Vargas (1945), and the seizure of power by the Armed Forces and allied civilian elites that put an end to a brief experiment with a populist-leaning administration (1964).

Much of the basic structure of contemporary Brazilian government and politics dates from the Vargas era. Indeed, the 1964 revolution was in a very real sense only another step in the zig-zag chain of Brazilian political life. This chain extended from the 1930 revolution that brought Getúlio Vargas to power, through the 1945 revolt that ousted him and the golpe against him during his second term (1951-1954) that led to his suicide. And, it has threaded its way through the regime of Juscelino Kubitschek (1956-1961), the election of Jânio Quadros in 1960, the succession crisis of August-September, 1961, precipitated by Quadros' abrupt resignation and the assumption of the presidency by Goulart.



Mistrust of Goulart, a prominent Vargas supporter, who was vice-president under Kubitschek and under Quadros, lay at the root of each of the four military interventions into politics in the 1954-1964 decade. Under his presidency (1961-1964), the growing forces of the left tried to wrest control from the dominant center-conservative elements, while improved political communications and radical agitation aroused strong pressures for sweeping changes in the established order. Although the increase in the number of radical leftists in policy-making positions in the Goulart regime led to great concern on the part of Brazilian centrists and conservatives, as well as some foreign observers, much of this development sought to redress a balance that had long been weighted in favor of the traditionally dominant elites.<sup>5/</sup> Peaceful incorporation of emerging groups in the past helped Brazil avoid violent political upheaval, and gradual, but fairly rapid broadening of the political base (the Brazilian electorate doubled between 1950 and 1962) changed the composition of the policy-making elite. But the course of these changes was drastically modified by the military movement of March 31, 1964.<sup>6/</sup>

A fundamental purpose of the military regime since 1964 has been to replace the old "political class," flawed in their eyes with the vices of the Vargas-Goulart era, by a new civilian elite possessing "a sense of national security."<sup>7/</sup> To date they have at least met with substantial success in destroying the old political elite--part purged, part pensioned off, and the remainder marginalized except for those incorporated into the

rather artificial biparty system. Three legislative elections, three sets of "revolutionary" governors, and nearly a half hundred civilians in cabinet-level posts under four military presidents have so far produced substantial post-1964 leadership cadres rather than a complete new political class. In professional career services such as the Armed Forces and the foreign service, there has been substantially greater continuity so that renovation has been even more gradual. It is in the economic and technical agencies that turnover has been most complete since the military came to power.

Brazil has had four different military presidents since the 1964 revolution, but has experienced at least twice as many quite distinct period in terms of basic political strategy and orientation. Each stage becomes significantly longer as the crises that led to several "coups-within-a-coup" have become less frequent. The first such period, in early April 1964, saw a purely interim junta-type government presiding over the selection of a chief executive for the revolutionary regime. The "Supreme Command of the Revolution" issued a sweeping "Institutional Act" under which it purged political figures closely associated with the Goulart regime. The inauguration of General Humberto Castelo Branco as President in mid-April, decided on by the military in conjunction with the governors who had supported the revolution, ushered in an eighteen-month period in which some of the substance as well as the facade of formal democracy was preserved. Relying on a coalition of those elements within each of the pre-existing parties that supported the military's action, Castelo



Branco strove to reform the political system in anticipation of re-establishment of competitive political processes.

Any prospects for a "temporary" period of military rule were eliminated when the President's efforts to move toward political normalcy through partial gubernational elections in October, 1965, backfired in the face of voter hostility to the regime in major urban centers and hard-line (linha dura) military insistence that the punitive phase of the revolution had not gone far enough. Forced to accept a second "Institutional Act" that reinstituted the powers to purge and suspend political rights that he had previously allowed to lapse, Castelo Branco dissolved the existing parties at the beginning of 1966 in favor of two new parties imposed from above: the National Renovating Alliance (Arena) for the pro-regime political forces and the Brazilian Democratic Movement (MDB) for the government's critics. The President then reshaped basic legislation and revised the constitution to give his successor sufficient authority to act without having to resort to extraconstitutional powers.

Reluctantly accepted by Castelo Branco and his advisors, War Minister Arthur da Costa e Silva was imposed on Arena as the military's choice for the 1967-1971 presidential term. The rules of the electoral game were repeatedly changed and patently manipulated to ensure the elevation to chief executive of the general who had headed the Revolutionary Supreme Command and mediated the army's intramural conflict in 1965. Costa e Silva's

ratification by Congress was followed by legislative elections in which Arena returned a substantial majority for the government, but one that included chiefly politicians of the pre-1964 political elite rather than any significant infusion of new elements to balance the purges of leftists and radical nationalists. The artificiality of the imposed two-party system gave rise to a new opposition movement, a "broad front" (Frente Ampla) that joined together the ex-presidents purged by the Revolution--Quadros, Goulart and Kubitschek--with the most deeply disenchanted of the original civilian backers of the 1964 coup, particularly Guanabara ex-Governor Carlos Lacerda. Resistance to the renewal of parliamentary purges led to the temporary closing of Congress, a sign that political normalcy would be long in coming.<sup>8/</sup>

The fifth period of the revolution, initiated with Costa e Silva in March, 1967, saw the progressive disillusionment of those who had believed that his pledge to "humanize" the revolution presaged a significant liberalization of social and political policies. Instead, the regime's repressive response toward student and Church manifestations of opposition led to increased polarization. Legal forms of criticism and competition with the dominant military-technocratic alliance had been rendered ineffective by the government's frequently arbitrary use of the vast powers it had been granted by the 1967 Constitution and modifications of National Security legislation. The regime frequently equated resistance to its policies with subversion. With the outlawing of the Frente Ampla and the emasculation of the parlia-



mentary opposition, the trend during 1968 was toward an increasing resort to violence.

The unequal struggle with radical student elements and the progressive wing of the Catholic Church provided the context for yet another coup-within-a-coup in December 1968. A behind-the-scenes bid for greater power on the part of rival right-wing military factions was concealed by a concerted blow against the regime's critics. Large-scale purges were resumed under a Fifth Institutional Act, with the resultant destruction of 1/4-1/3 of the MDB's congressional representation and virtual elimination of the liberal constitutionalist wing of the government party. What remained of the Congress was put into an indefinite recess that lasted more than a year.

Thus as 1969 opened, Costa e Silva found himself in a position roughly analogous to that of Castelo Branco at the end of 1965, only no one powerful figure within the armed forces loomed as the heir apparent. His authority compromised by the jockeying of military elements looking beyond him to the 1970 presidential succession, Costa e Silva was torn between hard-line pressures to institutionalize what was fast becoming a dictatorship and civilian demands for re-establishment of a representative and consultative, if not really competitive, dimension to the system. As the radical opposition turned to violent tactics, the President's dilemma intensified, and his incapacitating heart attack of September merely transferred the problem to other hands.



Under a caretaker junta composed of the incumbent service ministers, a process of consultation and selection within the armed forces resulted in the elevation to the presidency of General Emílio Garrastazú Médici. The Arena majority in Congress was given no choice but to ratify the military's choice, since the government continued to hold in reserve the arbitrary authority vested in the President and the National Security Council by the December, 1968, Institutional Act. Torture and repression had become widespread by this time, and, with the radical left relying upon bombings, robberies, and kidnapping of foreign diplomats, the interim government made little effort to curb such abuses. Although the Médici administration would subsequently take further steps to keep repression within limits once the terrorist problem was largely eliminated, the government's position was to a considerable extent eliminated, the government's position was to a considerable extent based on calculation of the costs involved--including pointed foreign criticism and friction with the Church--relative to the security benefits of officially sanctioned torture. The junta also promulgated a substantial revision of the 1967 Constitution, significantly broadening the authority of the federal government to intervene in the states and severely limiting parliamentary immunity.<sup>9/</sup>

From the beginning, the Médici regime used the ablest manpower from the earlier military administrations, and thus provided for maximum continuity in the work of the economic planning technocrats. In addition, new talent uninvolved in the rivalry

between followers of Castelo Branco and Costa e Silva was brought into the government and its communication with the public greatly improved. Equally important, the Army Ministry under General Orlando Geisel began to seek maximum military unity; many of the most politicized mid-grade officers failed to receive promotions and were thus retired from active service. In 1970 basic goals were agreed on in a National Security Council document entitled "Goals and Bases for Government Action." Elections were subsequently held, which greatly strengthened the regime's support in Congress and reduced the MDB to virtual impotence. Hand-picked and generally young governors were installed in the statehouses through further rationalization of the process of indirect election initiated in 1966. Ministerial stability and continuity in major appointive offices continued through 1973, as the President's political strength and public esteem continued to rise.

On January 15, 1975, Brazil's electoral college by a vote of 400-76 confirmed the choice, originally made by the Armed Forces and subsequently ratified by the government party (the National Renovating Alliance, Arena) of General Ernesto Geisel to succeed General Emílio Garrastazú Médici as President. From that day until the inauguration on March 15, all political efforts were bent to ensure a smooth transition of power.

The heart of the new government consisted of individuals who had been closely associated with the late Marshal Humberto Castelo Branco during his presidential term. Geisel had served in that administration as Chief of the President's Military

Cabinet, and his choice for Chief of the Civil Cabinet, the key ministerial position on the presidential staff, was retired General Golbery do Couto e Silva, another of Castelo's closest associates. Continuity with the Médici government was provided by Planning Minister João Paulo do Reis Velloso, while the brilliant young economist Mário Henrique Simonsen (39) was brought in as Finance Minister to replace Antônio Delfim Netto, who had built up an international reputation as the architect of Brazil's dramatic economic growth. Other major appointments included career diplomat Antônio Azeredo da Silveira, then serving as Ambassador to Argentina, as Foreign Minister and Armando Falção, a long-time congressman and Justice Minister during the democratic government of Juscelino Kubitschek (1956-1961), picked to return to that position, which in Brazil chiefly handles liaison with the political class.

The selection of the new governors for the 1974-1978 period dominated political life from April through July. Much as in 1966 Castelo Branco had hand-picked official candidates for subsequent ratification by the State Legislative Assemblies and, and as the late General Arthur da Costa e Silva had done in 1970, Geisel worked out solutions to the succession question acceptable to Arena leaders. The congressional elections of November 15 resulted in a surprisingly strong comeback by the MDB, which scored a 16 to 6 victory in Senate races and elected 45 percent of the Chamber of Deputies. Nonetheless, the government--sobered



but not really shaken by the poor showing of its party's candidates--retained a decisive edge in the lower house of the National Congress (204 to 160) and a more lopsided margin in the Senate (where holdovers gave Arena 46 seats to the MDB's 20). Moreover, the government party continued to control 16 state legislatures, although the opposition had majorities in several of the most important states. March 1975 brought both the full functioning of Congress and the installation of the state administrations chosen by Geisel (to replace the Médici regime's lame-duck carryovers) and by September new national leadership for Arena was selected and a new party program formulated.

Gradualism is the basic strategic theme of this government, much as a team approach characterizes its policymaking style. Having been burned by their experience during the Castelo Branco government and determined to avoid another breakdown of efforts at political normalization reminiscent of December, 1968, and September, 1969, the key decision-makers emphasize that decompression is a means of strengthening the regime and is not at all the same thing as liberalization or democratization. It is to be a "slow, gradual, and secure" process with very carefully considered, even cautious steps. The administration's strategists consider consistency and coherence--a "firm" sense of direction and determination--to be more important than a rigid timetable. One key minister says Brazil must exercise "caution to avoid regression," while his rival for the President's ear stresses the "necessary" risks involved. The regime feels

that while progress in this direction must be sufficient to justify self-restraint and cooperation with the government on the part of the MDB, changes should not be allowed to build up their own momentum; the impulse for change must remain channeled.

Roberto Campos, perhaps Brazil's leading technocrat/diplomat, believes that since 1964 four vital ingredients have been added to Brazil's development picture: 1) political stability through an alliance of reformist-oriented military and the expertise of the civilian technocrats; 2) a clear choice for an open and "associative market economy;" 3) "rational pragmatism" in public and private administration; and 4) mechanisms to mobilize and channel internal savings.<sup>10/</sup> Escapism, paternalism, and "temperamental" nationalism--the "deforming" attitudes of the populist regime of the early 1960's--have given way to institutional modernization. Although it encounters difficulty in the realm of "popular reconciliation" and political institutionalization, he says the regime is gradually implanting a political system of "participatory democracy with a Strong Executive."<sup>11/</sup> Other observers view the Brazilian system in less sympathetic, albeit basically similar terms. Thus, in the eyes of one US scholar, the system is characterized by:

repressive military leadership combined with technocratic decision-making in the political sphere; state entrepreneurship and discipline combined with liberal capitalist incentives in the economic sphere; and emphasis on nationalist symbolism combined with openness to international corporations in the sphere of external relations. <sup>12/</sup>

Yet while the military do set basic priorities and possess a definitive veto power, they do not themselves make policy in most fields.

Most of those who make the day-to-day decisions are civilians. Even longer-range policy is probably formulated in large part by civilians. These decision-makers must operate within the limits of a military conception of "national order," just as the military must take care to maintain a "favorable investment climate." <sup>13/</sup>

Whether one considers the present regime as an example of "pragmatic Bonapartism" or as "institutionalized pragmatism" largely depends on whether one emphasizes its long-run potential vulnerabilities or its demonstrated short-run strengths. <sup>14/</sup> At this time the present regime seems to consist of a developmentally-oriented alliance of the military with the civilian bureaucracy and the entrepreneurial stratum of the private sector. While critics decry the absence of political representativeness, they reluctantly ascribe a high degree of rationality and administrative efficiency to the regime.

The successful pursuit of Brazilian foreign policy goals is in large part dependent upon certain political capabilities and developments, as well as performance in the economic realm. Perhaps the first political requisite for attainment of continental paramountcy and wide recognition as an emerging major power is continued political stability, preferably not resting primarily on force and a well developed repressive capability, but rather on widespread public acceptance of the regime. The current Brazilian political system is characterized by a degree



of fragility and may have serious long-run weaknesses--limitations on participation, lack of a strong political party system, absence of a true ideology, serious vulnerability to unfavorable international economic trends, and a succession mechanism which does not appear to provide a reliable means for the political opposition to achieve power without resort to violence.

And yet, similar conditions prevailed during the periods of greatest relative political stability in Brazilian history. The Second Empire lasted for nearly 50 years (1840-1889); the Old Republic for more than four decades (1889-1930); and the Vargas regime for more than fifteen years (1930-1945, with a return to power in 1951-1954), despite anything approximating what contemporary political scientists would consider adequate institutionalization.<sup>15/</sup>

At the present time it appears that the most likely trend within the Brazilian military, hence apt to be reflected in national policy, is toward a more populist and pragmatically nationalist stance. Even as firm a critic of the existing regime as Professor Brady Tyson has argued that "the military paternalism as practiced by the 'new professionals' can easily become 'populist.'" <sup>16/</sup> And in early 1971 Steiner and Trubek noted that "nationalist themes have come to figure importantly in the articulation of the regime's basic programs."<sup>17/</sup> This nationalism, which has roots in the military harking back to the Tenentes of the 1920's and the Army's role in the establishment

of the state petroleum monopoly in the early 1950's, blends well with a strong developmental orientation on the part of major sectors of public opinion. Nurtured in an earlier generation by Getúlio Vargas, it became a major aspect of the Brazilian national mentality during the Kubitschek years (1956-60). The university youth of the 1950's are now moving up in the professions, managerial careers, and government service. In the years to come this age cohort will be backed up by strong elements of a new generation whose political socialization has largely taken place under the "revolution." Thus increased support for the sustained developmental priorities of the military-technocratic alliance is possible, particularly if Geisel and his successors follow through on Médici's tendency to use nationalist sentiment to complement the drive for development. Should internal development goals continue to be met and Brazil's position vis-a-vis its continental neighbors become increasingly favorable, the next military administration (1979- ) should prove able to capitalize on this gradual trend, without having to adopt a harshly aggressive tone in international affairs.

The complexity and increasing specialization of structures and roles in the foreign policy-making sphere reflects the significant expansion of Brazil's international involvements during the past 15-20 years. This development is closely related to the progressive differentiation of Brazilian governmental policy-making institutions in general, a feature of all post-war administrations, but accelerated with the developmental drive of the Kubitschek period (1956-60).

What has happened is that security, development planning, financial, economic, and technical agencies have come to the fore --first impinging, then having an impact on, influencing and finally largely determining--foreign policy. This tendency, although accelerated under the military governments since 1964, is largely attributable to more fundamental aspects of the Brazilian development process, particularly the greatly expanded role of the government in the nation's economic life as industrialization and foreign trade have been actively fostered.

Whereas a bare generation ago foreign policy decisions were the preserve of the Foreign Ministry and the President (in a very personal sense), they now involve a variety of inter-ministerial councils, a half dozen military-security organs, and at least a score of economic and financial agencies. Concomitantly, the relatively simple organization of the presidential office even during the last Vargas government (1951-54) and the ensuing care-taker regime (1954-56) has been replaced by a complex institutionalized executive and a greatly expanded presidential staff. A few landmarks were the creation of the National Security Council in the early post-war period, the emergence of specialized development agencies as part of Kubitschek's "Program of Goals," the creation of a Planning Ministry by Castelo Branco, the massive role-expansion of the Finance Ministry under Antônio Delfim Netto during the Costa e Silva and Médici governments, and the establishment of the Economic Development Council as the single most important decisional forum by President Geisel.



### Economic Factors

Development remains the government's primary objective, so that Brazil's foreign policy is highly conditioned by economic considerations. This is an urbanizing (already 60 per cent urban) and industrializing country in which annual growth rates of ten per cent have come almost to be viewed as the norm, if not yet taken for granted. Its GNP of more than US\$ 80 billion, which has doubled in real terms since rapid economic growth was resumed in 1968, still falls far short of satisfying the desires of most major sectors of the society, not yet translated into effective demands. Fundamental features of the Brazilian economy determine both the major elements of Brazil's international capabilities and the chief constraints on its foreign policies.

The present economic policy-making elite basically concur with Roberto Campos' views (discussed above) of the pre-1964 distortions and the post-1964 corrections and refinements. Finance Minister Mário Henrique Simonsen stresses that the key to the "Brazilian Miracle" was the recognition that "in the economic sphere it is impossible to perform miracles." Instead, Brazil had the sense to "use international experience as a focus of inspiration, but not as a basis for imitation."<sup>18/</sup> This evaluation is echoed by a U.S. academic observer of Brazilian economic affairs.

The uniqueness of the Brazilian experience since 1964 lies in the free manipulation by technicians, backed by a strong government, of an economic system which is dominated by the state, but which allows for a sizeable private sector. This manipulation was possible because of the existence of strong and stable governments which ensured that economic policies were fully carried out, regardless of the side-effects that they would have on various economic groups. 19/

Brazil is engaged in forced draft "catch up" industrialization in which the State plays a leading role and which bids fair to transform the country in one generation nearly as much as was the case with Germany during the Bismarckian era. Certainly it has been more a triumph for the military-technocrat alliance than for free enterprise, for the State rather than the private sector.

Brazil's pattern of state-entrepreneurial relations might well be called jet-age Bismarckian, with the government determined that the private sector pull its weight in the drive to become an industrial power. The nature of the partnership, which might be substantially different in a politically competitive situation, is fundamentally asymmetrical; the government can exercise significantly greater leverage on commerce and industry than these groups can bring to bear on the essentially military regime. The public sector técnicos provide a mediating link; while to a certain extent they may function as brokers, in the final analysis they are most responsive to their military allies (on whom their tenure in office ultimately depends). 20/

To better appreciate the nature of the State-private enterprise relationship, one has only to consider that it is the government that takes measures to strengthen the Brazilian private sector relative to foreign capital. Finance Minister Mário Henrique Simonsen, perhaps most powerful friend the private sector has within the present government, feels that Brazilian private enterprise is relatively weak in relation to both State and foreign firms, most notably in sectors that require massive capital investments. To bolster the private sector's relatively fragile competitive position, he has advocated moves to encourage mergers and associations through overhaul of constraining legislation as well as stimulants to the capital market and to institutional investors.<sup>21/</sup> Walther Moreira Salles, a former Finance Minister (pre-1964) who now heads the powerful União dos Bancos Brasileiros, said in a recent interview that he was preoccupied by the fact that Brazil is in large part "Statized" and no longer a market economy. He held that this situation called for courage and determination rather than despair on the part of the private sector, but explicitly rejected a defiant or recalcitrant attitude since, in his view, "private enterprise and the State must of necessity be united."<sup>22/</sup> Similarly, a relatively strong U.S. critic of the Brazilian economic system admits that:



Despite the degree to which the state has become, under the military government, an even more formidable economic instrument than it was previously, little or no anxiety has been engendered in the private sector, either foreign or local. Building on the foundation laid by previous nationalists, the military regime has been able to maintain a strong state presence in the economy without appearing to be statist in its orientation... The ideological position of the regime and the concrete coalitions of ownership that have been set up have helped generate support in the business community.... The state provides entrepreneurship in the public sector and discipline among those who participate in the private sector. But it does not encroach on areas of profitable private investment and does not threaten the principle of private investment on a cultural or ideological level. 23/

With respect to the political and governmental ramifications of this situation, he concludes that:

The successful symbiosis of the state and foreign firms leaves plenty of room for the national bourgeoisie. They are the essential intermediaries, the lubricant that keeps the gears of the new coalition meshing smoothly, the cadres that staff both subsidiaries and state bureaucracies. The fact that these roles are not the classic entrepreneurial ones associated with the industrial revolution in England does not make them any less profitable or comfortable for the men who fill them. 24/

The most thorough study of the "present dominance of the State over the Brazilian economy" shows that the public expenditure/GDP ratio, which had reached a relatively high 32.2% by 1969, appears to have continued its upward trend, while more than 60% of loans made by the entire financial system to the private sector come from government financial institutions. Moreover, as of 1972, more than half the total employment provided by the 25 largest firms in this respect came from the seven public enterprises included in this

category. Even more striking, of the top 25 firms in terms of assets, 17 were governmental, accounting for 82% of their total assets. For the 100 largest firms the proportion of assets held by public enterprises was still 68%.<sup>25/</sup> The authors conclude that:

In the process of growing and diversifying its activities, the Brazilian State has vastly increased its present and potential control of the economy. As we have seen, this growth was not planned and imposed for ideological reasons about the proper role of the State in economic activities. It was the result of certain objective conditions, i.e., the desire of the government for rapidly industrializing a still backward economy. With weak private industrial and financial sectors, the choice at various times since the thirties was between two agents of growth: foreign capital and the State. <sup>26/</sup>

Perhaps this tendency has not yet run its course, for:

A continued growth of the State in Brazil's economic activities in the last three decades of the twentieth century is almost inevitable. Brazil's private sector is still relatively small and in no position to play an important role in the country's huge infrastructure needs or in the most technologically sophisticated industries, which are also the most dynamic--petrochemicals, steel, transportation equipment, etc. The growth of the State should not be looked upon as a threat to Brazilian private enterprises. It is not a question of taking something away from the private sector but rather a matter of relative rates of growth. <sup>27/</sup>

The Brazilian government is committed to a policy of fair treatment for foreign capital while defending and strengthening national enterprise. With an estimated 93% of Brazil's total capital stock of a good deal more than \$100 billion domestic in origin, the large absolute amount of foreign in-



vestment does not figure so heavily in proportional terms. On the Brazilian scene State enterprises dominate in petroleum and petrochemicals (where Petrobrás holds more than 80% of total assets), energy (government firms accounted for 80% of electric power generating capacity in 1971), steel (70% of total assets), mining, and such areas of transportation as railroads and shipping. With commerce and agriculture as well as the financial market quite firmly in domestic hands, the foreign presence is most significant in transformation industries and construction. Moreover, the sources of foreign investment are quite diversified; the United States is in first place with less than one-third, followed by West Germany and Japan at over 10% each. Having increasingly diversified her foreign trade (with Western Europe accounting for more than one-third and the United States for less than one-fourth), Brazil is in a much less dependent position than most other developing countries.

The central economic question during 1974 was whether the new administration could continue the economic "miracle" in the face of such adverse international factors as the energy crisis and protectionist tendencies. But the impressive dynamism of the Brazilian economic system, so apparent in the high growth rates since 1968, carried through the year and even into 1975. Expansion of real gross domestic product reached a record 11.4 percent in 1973, bringing the average for the past six years to more than 10 percent, a figure that was nearly matched in 1974 as industry ran slightly above and agriculture a little below



this mark. The rise in the cost of living, which had been brought down to 15 percent in 1972, began to climb during the final quarter of 1973, a trend that continued into the new year under pressure of soaring oil prices and corrective inflation to be expected after the outgoing government had artificially held down certain prices to meet its anti-inflation goals. By mid-year the monthly inflation rates had returned to the 1972-1973 norms, and price rises for the entire year came to about 34 percent. In 1975 inflation dropped just under 30 percent.

Brazilian exports, which had expanded by more than 55 percent in 1973, continued to grow at a more modest rate during 1974 in the face of negative international circumstances. The total of just under US\$ 8 billion (up 28 percent, but a full billion dollars less than the original target figure) included \$1.30 billion from rapidly growing sugar exports as well as slightly more than \$1.05 billion from coffee and nearly \$900 million from soy beans and meal, (these last two down from 1973). Manufactured goods rose to about \$3 billion, and iron ore exports brought in another \$500 million. Imports, swollen by zooming oil prices, doubled to more than \$12.5 billion (F.O.B.), leaving a substantial trade gap, a current account deficit of nearly \$7 billion and a somewhat more manageable balance of payments deficit of just over \$1 billion (as foreign investment and financing rose sharply to near \$6 billion in spite of the

international economic situation). Since Brazil's foreign exchange reserves had reached \$6.5 billion at the end of 1973--sixth highest in the world--the country was able to cope reasonably well with this deficit situation in which total foreign debt rose to \$17.2 billion against reserves of \$5.3 billion for a liquid debt of \$11.9 billion.

A few years ago such adverse developments in the international economy would have had a disastrous effect on Brazil's development, but such vulnerabilities have been greatly reduced during the past ten years or so. Coffee, which accounted for more than half of export earnings as late as 1964, had dropped to less than one-fifth by 1973 and just exceeded one-eighth during 1974--although in absolute terms coffee earnings had risen during this period. Yet problems remained. Evans points out the weaknesses inherent in Brazil's development model as they relate to its external environment.

To begin with it must keep turning over its massive external debt. Any weakening of its good credit rating would be disastrous. Brazil must continue to attract new investment and persuade subsidiaries to reinvest sizable proportions of their profits locally. Sharply rising demands for imports must be counterbalanced by rising exports. 28/

The export target for 1975 was US\$ 10 billion, with manufactured goods slated to lead the way at \$4 billion (up by one-third), followed by sugar, coffee, soy beans, and iron ore. For the first eight months this ambitious goal appeared within reach as the value of exports rose a full 30%, while imports were held near the 1974 level. Beginning in September, however, the

world economic situation caught up with Brazil and export earnings fell significantly below the 1974 pace. In early October further incentives for exports and sharp restrictions upon government imports were adopted.<sup>29/</sup> For the year, export earnings totalled a disappointing \$8.7 billion, while imports were contained at \$12.2 billion. This trade deficit of \$3.5 billion was nearly matched by a net outflow of \$3.2 billion for services (chiefly transportation and remittance of profits), resulting in a deficit on current account matching that of the preceding year. The inflow of new capital slightly exceeded that of 1974, as new financing, loans and suppliers' credits of \$6.8 billion and \$800 million in direct investments far exceeded the \$2 billion paid out for amortization of Brazil's mounting foreign debt. The balance of payments deficit of \$1.1 billion--only marginally higher than that for 1974--left Brazil's foreign reserves still above the \$4 billion mark. Although additional incentives were adopted in December, along with further import restrictions, continued expansion of Brazilian exports will require all the enterprise Brazil can muster.



Brazil, for example, seeks to go from 11 percent of the world's iron ore market in 1970 to 21 percent by 1980 and 25 percent by 1985. The new ore port of Tubarão can already handle shipment of 60 million tons of ore per year and ships of up to 270,000 tons displacement; expansion programs call for port capacity of 100 million tons a year and the ability to handle ships of up to 350,000 tons. A major new trade deal, characteristic of the regime's way of doing business, called for exchange of 11.9 million tons of Brazilian iron ore for 14.8 million tons of Polish coal over the next decade (beginning with shipments each way at the 500,000 ton level in 1975 and peaking in the early 1980's). At the same time, Brazil is attempting to reduce imports of steel, and seeks self-sufficiency in steel by the early 1980's. This is a big order, since 1975 consumption was expected to reach 10 to 12 million tons, with production at 8 to 9 million tons; by 1980 Brazil's appetite for steel is expected to be between 20 and 25 million tons. (Ingot steel production in 1974 slightly exceeded 7.5 million tons and rose by 8.1% during the first half of 1975.) Japanese interests are putting nearly a billion dollars into a new steel complex near the ore port of Tubarão; planned production is estimated at 4 million tons a year by 1980, with further amplification to as much as 12 million tons.

Brazilian planners count on industrial expansion to generate new exports; the automotive field is a prime example. In 1974 the automobile industry--in existence for a little more than fifteen years--produced 861,000 units of which 517,000 were passenger cars. Since 1969 production has expanded at an annual rate of nearly twenty percent, so 1976 is almost certain to see Brazilian factories turn out one million cars, trucks, and busses. This industry generated exports valued at some U.S. \$350 million in 1975. Substantial growth in this respect is likely in future years.

At the present a major economic constraint on Brazilian foreign policy is the fact that Brazil must import nearly 80 percent of the crude petroleum it uses; Saudi Arabia is far and away the major source followed by Iraq, Algeria, and Kuwait. Venezuela furnishes roughly 5 percent of the oil Brazil imports, and Peru and Ecuador substantially less. If Brazil has had to lean more toward the Arab countries in the Middle-East crisis, it has also chosen to step up its domestic search for oil and to seek new sources of imports from Africa as well as the Socialist Bloc. The continued rise of Brazil's consumption curve--to 920 million barrels a day by 1977--complicates matters, as do the relatively limited possibilities for substitution by other energy sources.

The energy crisis influences Brazil's foreign policy in other ways as well. The Ilha Solteira hydroelectric complex, which will be fully on line by 1980 with a generating capacity of 3.2 million kilowatts, has had some effect on Brazil's relations with Argentina (the issue being the latter country's downstream rights on the same river system). Both this project and its diplomatic side effects have been dwarfed in the case of Itaipu, now being constructed on the Brazil-Paraguay border, which will produce up to 12.6 million kilowatts when completed and is expected to cost \$5.5 billion.

Yet even these vast projects to exploit Brazil's almost limitless hydroelectric potential, estimated at more than 150 million kilowatts, are insufficient for Brazil's electrical energy needs. Thus, the country has begun a major program for nuclear generating stations which is affecting Brazil's relations with a variety of countries, because the purchase from Germany of a complete nuclear cycle--including uranium enrichment and plutonium reclamation plants--raises the specter of Brazil developing a military nuclear capability.

#### Brazilian Views of Self and World

Perceptions of national and international reality by Brazil's policy-makers generally correspond to the constraints imposed by objective conditions. Exaggeration of national capabilities is less prevalent than in the case of most other upward aspiring countries. While Brazilian policy-makers in recent years have tended to use the terms "world power" and



"great power" as indicative of an eventual goal toward which the nation's energies and potential should be directed, most military and civilian leaders hold that progress toward this objective must follow from internal development. They see Brazil during the next few years as building the groundwork for movement toward major power status during the 1980's and into the 1990's, <sup>30/</sup> but understand that a host of internal problems must be resolved first. Taking a matter-of-fact attitude toward the consolidation of Brazil's dominant position in South America by the end of the present decade, they tend to view the 1980's as a period of candidate membership in the family of major powers. One quite traditional senior career diplomat says: "everything indicates that, if we continue the current rhythm of progress, Brazil will be called to assume, in a not too distant future, a position among the principal world powers." <sup>31/</sup> A younger diplomat stresses that:

only development confers on the State the specific weight it needs to influence the exogenous decisions that can affect its interests and reduce to the minimum the concessions it ought to make in its policies to preserve its fundamental interests. <sup>32/</sup>

For the moment, he says, "we are an emerging power that can no longer be ignored by the kingmakers of the world political scene." <sup>33/</sup>

The view of Brazil as a candidate for world power status is put even more strongly by military spokesmen. Thus the Vice Chief of the Armed Forces General Staff recently declared that:

An evaluation of the essential attributes of power as described by many specialists in political science and geopolitics reveals to us Brazilians that we possess all the conditions that enable us to aspire to a place among the world's great powers. 34/

With continued internal cohesion, he stresses, Brazil can lift itself to the level of the developed nations of the West if it "accelerates production of goods and services and understands and absorbs modern technology in order to quicken the rhythm of social progress, correct income inequalities, absorb the annual increments to the labor force and achieve tranquility and social peace."<sup>35/</sup>

Brazil's foreign policy objectives are closely linked to developmental goals and considerations of national security. The geopolitical thinking characteristic of the dominant military elements reinforces a widely held belief that the respect that Brazil can command on the world scene (which Brazilians themselves refer to as "projection") depends in large part on its perception by the major powers as the dominant nation of South America. But, cognizant of the eventual failure of Argentina to achieve such projection and still a little embarrassed by the "premature" Brazilian effort to do so under the Quadros and Goulart regimes (1961-64), the architects of Brazilian policy are determined to keep the developmental horse ahead of the diplomatic cart. Thus, the fundamental objective, frequently restated by both military and civilian regime spokesmen, is "to transform Brazil into a developed nation in a single generation."

As a first step they agree that per capita GNP should be doubled during the 1970's, regional imbalances reduced, and the vast Amazon area effectively tied in with the rest of the country. International economic policy should accelerate development without interfering with the control of inflation. To make the development process self-sustaining, Brazil has embarked on an aggressive quest for foreign markets for manufactured goods, minerals, and non-traditional agricultural exports. It combines its market search with a continuing diplomatic campaign against protectionist tendencies in the developed countries.

The view of Brazil's relations with the rest of the world common in general secondary school courses is that:

Brazil during recent years has created a new image abroad, having progressed and developed, amplifying considerably its diplomatic and commercial frontiers.... In the new policy, promotion of exports has absolute priority.... the country is reformulating its foreign relations to take advantage of its powers at just the moment when the world is readjusting the terms of political and economic relations.... little by little Brazil stands out from the Latin American complex and increasingly moves away from the Group of 77 (the poor nations), making its own interests prevail as a Nation in search of its rapid realization. 36/

This statement reflects basic themes of the Brazilian elites' world view that are refined in the pronouncements of the late João Augusto de Araújo Castro, Ambassador to the United States, until his death in November 1975, as well as a former Foreign Minister and head of Brazil's UN delegation during the late 1960's. He decries a "new Cult of Power" which takes for granted



that "force and the use of force are the natural basis for the establishment of a future legal or political situation," and maintains that there is no historical evidence for the "curious" philosophy that power brings moderation and responsibility. For him, any conception of a world order based on "five centers of power," is obsolete and outmoded. He laments the failure of the international community to implement the 1970 General Assembly resolution--introduced by Brazil--proclaiming the corelationship of development, security, and disarmament. In his view:

...the major industrial nations continue to shirk decisive collective action in favor of the underdeveloped world, thus ignoring and disregarding the principle of Collective Economic Security, likewise proposed by Brazil.... It is interesting to note that, although the major industrialized nations insist on the necessity of recognition of a principle for common universal responsibility as regards some problems...they are strangely mute, reticent and non-committal whenever any country proposes, as Brazil has consistently done, the recognition of a common universal responsibility as regards the problem of development.... In other words, sovereignty should be relinquished by the less developed countries, as regards the policy of utilization of their natural resources without any specific commitment on the part of the major industrialized nations as regards the implementation of a truly effective system of Collective Economic Security. 37/

Admitting that as Brazil's economy grows and becomes more complex, "we already face some of the problems that appears to perplex some developed countries." he credits his country's development success to "some natural conditions and national characteristics that might not prevail in other areas."

Brazilian foreign policy elites extent their concerns to all regimes of the world and seek to use new found influence and choices to develop more flexible and increasingly economics-oriented alignments in a changing world. Aware of the constraints on their freedom of action, they are eager to be rid of them, but realize that it is chiefly through development more than skillful diplomacy that Brazil's vulnerabilities can be minimized. Thus, in the view of a senior career diplomat Brazil is leaving the "closed, small, and secure world" of its adolescence to enter a "hostile, complicated, and dangerous world, indifferent to our anxieties and our quaint nostalgia, a world where our great hopes and potentialities contrast with our condition as passive objects of history" and where the rationality of Brazil's diplomacy risks corruption by external ideological factors.<sup>38/</sup>

Convinced that developed countries will resist any significant redistribution of the world's economic wealth and power and that such a redistribution is now in Brazil's interest, Brazilian policy makers advocate alliance with the LDC's on basic international economic questions as the only effective manner of exerting leverage upon the industrial powers. Yet this alignment is not automatic, and as the continued cooperation of the developed countries is critical for Brazil's development, on most political matters fundamental cooperation with the industrial powers is still in Brazil's interest. If Brazil's intermediate position constitutes a dilemma, it can also be exploited to maximize freedom of action, increasingly important



as Brazil moves gradually forward. This calls for delicate and sensitive diplomacy, since few matters are neatly divisible into economic and political. Short-run needs to diversify both sources to finance imports and markets for exports must converge with longer-range considerations. The advance to greatness (grandeza) must be made irreversible and self-sustaining-- a major theme of the Second National Development Plan (IIPND) adopted by the Geisel administration.

The extent of the basic agreement of views between the military elite and the civilian technocrats was apparent during the 1972 Higher War College term. Planning Minister João Paulo dos Reis Velloso was selected to give the inaugural lecture (a function which the President had personally performed in 1970 and the Army Chief of Staff in 1971), and took as his theme "New Dimensions of Brazilian Society: National Integration, Social Integration, and External Strategy."<sup>39/</sup> Classifying Brazil with India and Canada as the first three of the "intermediate or candidate powers," he stressed Brazilian determination not to permit the developed nations to function as a closed club "on the pretext of pollution and disarmament." He further emphasized that it was to Brazil's interest to conduct foreign relations "in consonance with the national development strategy, which seeks the most rapid possible growth, modernization, and greater competitive power of the national economy." He said that the "absence of complexes that obscure objectivity and rationality" should characterize Brazilian relations with the United States,



and added that although Brazil did not "consciously seek" Latin American leadership, this would occur as the natural result of "intensification" of bilateral relations and as Brazil fulfilled its potential in the midst of under-developed countries.<sup>40/</sup>

In international forums Brazil is fond of stressing that economic and social development is primarily the "fundamental responsibility" of each country. Multilateral economic cooperation is complementary to national efforts, yet essential to minimize sacrifices and to keep development rates high.<sup>41/</sup> As expressed by an Itamaraty official, Brazilian policy in this field stems from the need to 1) increase its capacity to import; 2) expand productive capacity; 3) absorb and adapt foreign technology; and 4) keep foreign debt at a manageable level. The present system of international economic relations is prejudicial to the interests of developing countries, a fact that Brazil has come to recognize. Through UNCTAD and the various new international bodies concerned with these matters, Brazil seeks to "reformulate the mechanisms in order to create conditions that will facilitate its internal development effort." At this stage, it seeks to replace the most favored nation policy with a general system of preferences in international commerce, since for the next few years--until the creation of a "great integrated internal market"--it is desirable for the external sector to "play the strategic role of sustaining the takeoff of the Brazilian economy."<sup>42/</sup> Foreseeing "more substantial gains for the developing countries" in this respect

during the latter half of the 1970's, this Brazilian diplomat holds that recognition of the impact of external factors on developing nations primarily as constraints leads Brazil to champion:

greater effective participation of developing countries in decisions that influence the behavior of their external sector and, as a consequence, their economic development...the objective of economic cooperation ought to be a dynamic international division of labor, oriented toward development, [one that would] lead to a better distribution of income and productivity among the countries of the world. 43/

This broadened scope for Brazilian pursuit of its interests has had an impact on its foreign policy instruments. Thus, addressing the Higher War College, at about the same time, another Brazilian career diplomat reflected that:

...In a general way the purely formal and representative phase of our diplomacy is outdated. During recent years we are frankly entering the tasks of negotiation and information. It is enough to point out the role played by economists trained in the school of Itamaraty in the development of the country, and the role of Itamaraty itself in the expansion of foreign trade, which is our present great success. This preoccupation with economics, a phenomenon so central to the changed diplomatic mentality, reveals the degree of interest in concrete and objective problems that has modified the old tradition of a career of elegance and protocol. 44/

Yet movement toward a larger international role also may bring with it certain negative features. Considering whether great power status is compatible with Brazil's peaceful and cultural values, Ambassador Meira Penna asks:

if Brazil really desires to be a Great Power, and if this implies...the potential and concrete exercise of brute force, are we disposed at this level to repudiate a peaceful diplomatic tradition to become engaged in military adventures, which alone, unfortunately, in the cruel world of international relations consolidate the political status of a country? 45/

He sees a danger in losing sight of the "true characteristics of our development and our desire for security." He prefers to emphasize qualitative aspects, not merely quantitative goals, and quotes ex-Foreign Minister Gibson Barbosa who finds that the "just measure of external application of national power" is the chief task of responsible foreign policy makers. 46/ Both overestimation and underestimation--overemployment or underemployment--of national power court disaster. Yet Brazil, as the "first example of the viability of western civilization in the tropics," must take care lest its emergence as a major power "aggravate the social tensions that are causing the modern epoch to become so cruel." 47/

Few members of Brazil's foreign policy elites are this preoccupied with the possible cost of greatness. Free from large and unfriendly neighbors (unlike India or China today or Germany a century ago) and located in the lowest conflict area in the world, Brazil need not be burdened by the enormous military outlays which have characterized other nations' rise to major power status. Then too, economic power may to a considerable extent be a substitute for military power in the world of the 1970's and 1980's. Exclusive and rigid alliances involving accommodation of powerful partners may not be necessary



for a country which is able to evolve a set of "special" relationships in the bilateral sphere while at the same time working through influential multilateral bodies where the distribution of power is quite different.

To keep Brazil's foreign policy in proper perspective, while international considerations are seriously pondered by Brazilian policy-makers, major power aspirations rarely play a direct or determinant role in their decisions. Instead, foreign policy is generally viewed in terms of its possible contribution to internal development. Majority elements within Brazil's foreign policy elite, particularly the military and the technocrats, seem relatively unconcerned with policies designed specifically to facilitate Brazil's pursuit of enhanced international power. They believe that as internal development progresses and the "economic miracle" is increasingly recognized as such abroad, Brazil's international prestige will rise concomitantly. Until then, premature efforts to play a dramatically more active and influential world role should be curbed, particularly acts that might be viewed with alarm by Brazil's Hispanic American neighbors. A fairly low profile should be maintained while increased trade backed up by the continued growth of Brazilian industry and modernization of the nation's military establishment strengthens the already asymmetrical nature of Brazil's bilateral relations with other South American countries.

Consolidation of regional supremacy is, in the long run, a means to more far-reaching objectives. Brazil's diplomatic interests as they emerge from conversations with mid-grade career diplomats include:

- (1) The essential emphasis on Hemisphere affairs, particularly the South American continent and relations with the United States;
- (2) Ample cooperation with Western Europe;
- (3) Cooperation and qualified dealings with Eastern Europe, particularly Czechoslovakia and Poland;
- (4) Increased understanding of the USSR, including more intensive economic relations;
- (5) Increased presence in Asia, with some of the current listening posts evolving into action posts as the future pattern of Japan-China relations emerges;
- (6) Continuation of the trend for listening posts in Africa to become centers of diplomatic, commercial, and cultural action;
- (7) Increased attention to the Middle East-North African countries as Petrobrás' petroleum explorations abroad become more active;
- (8) Once Brazilian presence is more firmly established on the Pacific coast of South America (particularly by way of Bolivia and Ecuador), relations with Australia should gain importance.

An increased concern with leadership of the Southern half of the world dates to the recognition in the 1960's that North-South differences were coming to be more significant on some vital development (and hence security) questions than the East-West conflicts dominant during the Cold War ear. Perhaps its clearest statement is in the writings of a former Chief of the Armed Forces General Staff (who also served as military advisor to Brazil's U.N. delegation) presently serving as president of the influential War College Graduates' Association (ADESG). While stressing the continuing importance of Brazil's relations with the United States and Western Europe, General Lavanère-Wanderley stresses that Brazil is increasingly aware of being a Southern Hemisphere power.<sup>48/</sup> First in size and GNP and second in population and military strength (in numbers only, to Indonesia) among the countries of the Southern Hemisphere, Brazilians should, he feels, prepare themselves psychologically to take the "necessary measures" to "preserve the Southern Hemisphere from avoidable evils." Already Brazil is the major industrial nation of the half world South of the Equator, a fact that is likely to mean more with the passage of time and further consolidation of this position.

A senior diplomat, the former Secretary General of the Foreign Ministry and Ambassador to Mexico, Argentina, and Uruguay, elaborates on the theme:



Driven by an irresistible vocation, Brazil is today launched on the conquest of external markets. Its interests, therefore, not only cross frontiers, but establish roots in foreign lands. We cannot refuse a destiny that, already marked by greatness, imposes responsibilities and tasks of world scope on us. Our interests dictate that we should actively collaborate with other economies to develop resources in friendly lands, in circumstances that would either complement our own economy, or generally stimulate the economy of nations whose prosperity and political stability contribute to our own prosperity and security. 49/

The speaker further stresses the need for Brazilian financing and direct investments in both neighboring countries and "overseas territories of geopolitical relevance for us, such as Portuguese Africa."

#### External Factors and Brazilian Policy

Although Brazil is beginning to have an impact on the policies of certain other countries--most noticeably its small neighbors such as Bolivia, Paraguay, and Uruguay--it is still substantially more an object of external pressures than a source of them. The impact of external economic factors is substantial; the protectionist tendencies fueled by the world economic recession and the energy crisis severely limit Brazil's choices not only internally, but also internationally. Brazilian policy makers feel that the stance of other international actors, particularly the United States and other industrial powers, deeply infringes on, if not directly determines, Brazil's behavior. They believe the United States can change the rules of global game and sometimes the world itself, and realize that they must respond--often defensively. Indeed, most frequently

they feel that they need to react effectively to the moves of more influential nations and only rarely have the opportunity to take positive steps. As Araujo Castro says:

Interdependence is a legitimate and desirable goal... it presupposes a previous stage of national sovereignty and economic independence from which mutual concessions will be made and mutual adjustments will be implemented with a view to strengthening international cooperation. Let us move toward interdependence, but let us, all of us, be independent first. 50/

The working of external factors on Brazilian foreign policy institutions and decisions is currently most dramatic with respect to Brazil's sharp modification of Middle East policy in the context of the world energy crisis. Yet the evolution of Brazil's maritime policy over the past fifteen years, particularly with respect to effective assertion of a 200-mile limit for Brazil's seas, better illustrates Brazil's increasing capacity to cope with external stimuli.

Economic concerns were basic in Brazil's decision to extend its territorial seas to 200 miles, but factors of national self-assertion and adaption to changing world conditions also played a part. The issue first came to life during the early 1960's with a so-called "lobster war" with France over that country's fishing activities off the coast of Brazil's politically disturbed and economically backward Northeast. Vigorous French use of naval power to block Brazilian seizure of lobster boats riled Brazilian sensibilities. 51/ Following discovery of a significant potential for shrimp fishing off the mouth of the Amazon in 1963, U.S. and other foreign boats began to fish these waters. Brazil responded with stronger regulatory

legislation and augmented its naval patrol capabilities. Anticipation of important petroleum finds on the continental shelf and increased awareness of the resource potential of the ocean bed reinforced Brazilian determination to protect its off-shore interests.

Brazil adhered to the traditional three-mile limit until late 1966, when Decree Law 44 of November 18 established a six-mile limit plus a "contiguous zone" of the same width. Decree Law 553 of April 25, 1969, extended the limit to twelve miles, while less than a year later Decree Law 1098 of March 25, 1970, <sup>52/</sup>proclaimed a 200-mile limit for Brazil's maritime sovereignty. The following year Brazil implemented these nationalist measures through active naval patrolling of the shrimping area. As international diplomatic machinery moved ponderously toward the protracted series of world law of the sea conferences that have yet to produce a global formula, a pragmatic compromise on the fishing question was reached between Brazil and the United States. This interim agreement on the number of U.S. boats permitted and compensation for the costs of regulation, signed in May, 1972, was renegotiated and extended in 1975.

Closely related to territorial sea limits and also showing progress toward reduced dependence was Brazilian desire to reduce the drain on its balance of payments that resulted from ocean freight charges. Here the interests of an emergent developing country and the established maritime powers came to a classic confrontation. Brazil's vigorous insistence on a formula whereby 40 percent of its overseas trade would be carried by



Brazilian ships, an equal proportion in vessels of her trading partners, and only 20 percent in third-party bottoms was accompanied by substantial expansion of Brazil's merchant marine.

Patient and persistent diplomacy resulted in a December, 1972, agreement that covered most of the northbound trade from Brazil to the United States and embodied the 40:40:20 principle. Meanwhile, the Brazilian navy contracted for purchase and construction of modern fleet units (particularly submarines, missile frigates, and ocean-going mine sweepers) from Great Britain and the German Federal Republic, thus greatly decreasing dependence on the United States.

In the case of territorial sea limits and maritime policy, Brazilian efforts were facilitated by the more flamboyant position taken by Ecuador and Peru as well as by wide-spread international sentiment that time had come for movement on this problem.<sup>53/</sup> Brazil remains alert to international changes conducive to new opportunities as well as a lessening of constraints. Thus Brazilian positions at petroleum/commodity conferences such as the April, 1975, Prepccon meeting in Paris and the larger energy conferences to follow, are conditioned by the attitudes and the alignments that emerge. As a major importer of oil, but exporter of other basic commodities and raw materials (as well as manufactured goods), Brazil's pursuit of its interests involves a substantial degree of ambiguity--a situation that tends to give even greater effect to external shifts and changes.

Military assistance is another area in which external factors directly affect foreign policy. Here developments of the past decade have greatly enhanced Brazil's ability to procure weapons and armaments advantageously, a field in which until recently vulnerabilities and dependence had far outweighed latitude of choice. Brazilian efforts to obtain heavy artillery and other equipment from Germany were interdicted by the Allies in the late 1930's and initial phase of World War II. This was a factor in the decision by Vargas and his military allies to align with the United States and to obtain modern arms and training through participation in the liberation of Europe.<sup>54/</sup> This U.S.-Brazilian military cooperation carried over into the post-war era and was institutionalized through joint commissions in Rio de Janeiro and Washington, D.C.

By the early 1950's, however, offended nationalist sentiment blocked Brazilian involvement in the military operations in Korea and delayed ratification of a military assistance pact between the US and Brazil for more than a year.<sup>55/</sup> Although the veterans of the Italian campaign (Brazilian Expeditionary Force--FEB) re-emerged on top of the military by 1954--contributing to Vargas' fall and suicide, and exerting dominant influence in the interim successor regime--bilateral negotiations during the Kubitschek government over military hardware in exchange for a missile-tracking facility on Fernando da Noronha Island were reasonably difficult as the Brazilians sought to drive a fairly hard bargain in light of their perception of U.S. neglect of the traditional "special relationship" between the two countries.

Brazilian sensitivities, worn raw by continued U.S. pressure on the petroleum question--even after Petrobrás was set up as a state monopoly over exploration and exploitation in 1953--were further frayed by Washington's refusal in 1956 to sell it an aircraft carrier, no matter how small, because of Argentine objections. In gesture of independence unusual for that time but indicative of future trends, Brazil purchased an escort carrier from Great Britain and had it renovated at substantial cost.

During the late 1950's and early 1960's Brazil remained largely dependent on the United States for military assistance. Yet by the time of the Costa e Silva government (1967-1969), Brazil's economic recovery had reached the point where, when the U.S. refused to furnish F-5 fighters, Brazil could readily purchase Mirages from France. Indeed, between 1968 and 1972 Brazil purchased nearly U.S. \$500 million in military equipment from European suppliers compared with military aid from the United States of \$76 million.<sup>56/</sup> Since then Brazil has been able to acquire whatever hardware its rulers consider essential under the most advantageous conditions available in the world market. Thus, the United States was able to get back into the Brazilian market with a large-scale deal for supersonic fighters only through provisions for technology transfer and eventual production of Northrop F-5E's within Brazil. Successful sale of self-propelled artillery depended on the fact that the U.S. weapons were best for the price available. In other cases British, French, German, and Belgian companies obtained large contracts



on similar pragmatic grounds. By the 1970's the international arms trade was a buyers' market, and Brazilians ably took advantage of this situation to do away with dependence on the United States which up through the mid-1960's had limited their policy-making autonomy.

This increased ability to cope with external factors, indeed to move from a very weak position to negotiating from strength, appears most dramatically in the nuclear field. Back in the very early 1950's, Brazil successfully negotiated with West Germany for the purchase of ultra centrifuges for its fledgling atomic research program. The sale was blocked by the U.S. occupation authorities (Germany was in a transition from Allied military rule to self-government between 1949 and 1953), and this equipment did not reach Brazil until 1956, when the German Federal Republic had fully recovered its sovereignty. In the interim, there had been several changes of government in Brazil.<sup>57/</sup> For Brazil, the fruits of two decades of "atoms for peace" collaboration with the United States were sparse and disappointing, and the conditions imposed in the early 1970's with regard to construction of Brazil's first nuclear power plant offered no hope to significantly increase the country's technological capacities in this field. (All equipment was constructed in the United States and installed at Angra dos Reis by Westinghouse technicians.) While in the first instance there had been nothing Brazil could do but accept the U.S. veto and adopt the dependent road to nuclear energy, developments subsequently made longer-run responses possible. Costa e Silva's

refusal to sign the Nuclear Non-Proliferation Treaty had kept Brazil's choices open, and late in the Médici period efforts were undertaken to find ways to import nuclear technology.

Although U.S. companies agreed to sweeten the pot with regard to the technological component of large-scale agreements, the U.S. position with regard even to fuel for Angra I appeared to the Brazilians excessively restrictive. Then, too, the Brazilian rulers felt that the U.S. used or could use this dependence as a lever in other bilateral dealings with Brazil or even as a curb upon Brazil's position in multilateral bodies. Painfully aware by 1974 of the limitations placed on foreign policy by petroleum import needs, they were more than a little loath to increase vulnerability to external pressures in the energy field. For example, once Brazil begins to generate a significant amount of electricity with nuclear reactors, as it hopes to by the late 1980's, ability to withhold fuel elements for the reactors would pose a major threat to the economy. In this context exploratory probes continued with European countries and Israel on nuclear cooperation.

Brazil's breakthrough began with the 1974 visit to Brasília of Germany's ex-Defense Minister Franz Joseph Strauss, along with the Federal Republic's Vice Minister of Foreign Affairs and Secretary of Technology. Following a secret visit by Mines and Energy Minister Ueki to Bonn, it was decided to build on the foundation of the German-Brazilian Technical and Scientific Agreement of 1969.

After some internal debate over the most advantageous approach, Brazil created Nuclebrás on December 16, 1974, whose task was to "establish in the country a heavy industry to make reactors and to encompass all stages of the so-called combustion cycle, to provide a growing electrical energy capacity."<sup>58/</sup> The following month Paulo Nogueira Baptista, a senior career diplomat who had fairly recently finished a tour of duty as Minister Counselor in Bonn and who, as head of Itamaraty's Economic Department, had accompanied the Planning and Mines and Energy ministers on their recent trip to the Middle East, arguing along the way for the importance of nuclear independence, was appointed to head Nuclebrás and assist Mines and Energy Minister Ueki and Finance Minister Simonsen with the final delicate negotiations that would assure Brazil access to nuclear technology while guaranteeing Germany a reliable source of uranium for its own rapidly expanding nuclear energy needs.<sup>59/</sup>

Reinforced by recent discoveries of major uranium deposits precisely when awareness of a possible serious shortage of that strategic mineral was coming to the attention of the United States and other industrial powers, Brazil was in a position to deal effectively with strong U.S. reaction to its multi-billion dollar agreement with the Germany Federal Republic, signed on June 27 despite vociferous denunciation by several Senators and The New York Times. Brazilian commentator Murilo Melo Filho celebrated the agreement as proof that "we are no longer a junior partner, we are a nation with sufficient political and mental maturity to feel justly ambitious in world terms and



not merely in terms of Latin America."<sup>60/</sup>

General Meira Mattos, after documenting the super-powers' efforts to keep Brazil from utilizing its uranium and thorium resources to obtain nuclear technology, expresses Brazil's determination not to accept any "unjustifiable limitation on our initiative and creativity in the field of nuclear energy production for ends required by our development and scale of [international] power."<sup>61/</sup>

As shown by continued efforts to impose international safeguards on the German-Brazilian nuclear cooperation as well as the impact of the world economic crisis upon Brazil's development, on balance, external factors are still important in Brazilian policy making, but act less exclusively as constraints than in the past. In certain policy areas, at least, Brazil is able to find increasing freedom of action and viable paths, a point reinforced by examination of other cases than those explored above.<sup>62/</sup>

## II. INSTITUTIONAL ACTORS AND THEIR ROLES

As Brazil's foreign policy needs have become more complex, and understanding of the interrelationships between external factors has deepened, the institutional aspects of the foreign policy process have become more sophisticated. Nearly every ministry, most significant elements of the executive office, and many autonomous agencies are involved in the conduct of Brazil's foreign affairs, and will have something to say about both the formulation and execution of foreign policy; a variety of actors thus intervene to initiate, provide authority, veto, advise, guide or direct decisions, modify, mobilize public support, provide resources for implementation, coordinate, and administer. Moreover, the roles of these institutional actors vary substantially with the specific issue or policy under consideration, while their influence is often a function of the individual heading each, his relationship with the President, and alliances with other influential personalities within the policy process.<sup>1/</sup>

The individuals and institutional actors who determine foreign policy in Brazil include the President, the several advisory and staff agencies attached to the presidency, the military establishment, the Foreign Ministry, the Finance Ministry and related economic agencies, as well as closely related organs of the business community. Except in very special circumstances, Congress and the political parties, the communications media and academic world along with the Church and labor organizations play a narrowly circumscribed role.

This section will examine each of these as it now functions in this policy arena, and will also discuss changes that have occurred from the 1950's down through the transition to the present administration during 1974.

#### The President

The tradition of strong presidential government is firmly rooted in Brazil, and Presidents have generally had substantial influence on foreign policy. In the post-war period this was true of Vargas until the eve of his suicide in 1954, of Kubitschek, of Quadros during his brief passage through the presidency in 1961, and even Goulart. This tendency has been accentuated since 1964 because military presidents have operated relatively untrammelled by Congress and essentially unhindered by considerations of political reactions or public opinion. This was perhaps least the case under Castelo Branco, when substantial efforts were made to keep Congress and the parties functioning, albeit purged and threatened with further exceptional measures. Yet Castelo, operating in the immediate aftermath of the military's ouster of Goulart, made the most substantial changes in foreign policy vis-a-vis the United States, and reversed the 1961-64 trend toward confrontation.<sup>2/</sup>

While the President was primarily concerned with domestic matters, a substantial consensus on foreign policy among the relevant elites came into existence during the Castelo presidency; the leading foreign policy dissidents had been purged, and the remaining left/liberal critics of the United States



marginalized or muzzled. During this time a center-conservative co-partnership with the United States, a kind of outlook previously identified with the National Democratic Union (UDN) party, came to predominate.<sup>3/</sup> Career diplomat Roberto de Oliveira Campos, Minister of Planning (the post itself was new), influenced the President on international as well as internal policy questions. During this period the presidency as an institution grew substantially and became increasingly specialized to cope with the significant expansion of its foreign policy role. The evolution continues to the present day.

During the Costa e Silva administration, foreign policy lived largely on accumulated capital. Good relations with the United States were inherited from the Castelo Branco administration, but by 1968 there was substantial reassessment on both sides. No one then foresaw that the financial policies of the Castelo government, continued without fundamental modification by his successor, would lead to dramatic and sustained economic development. As internal political problems became more acute, key circles felt less concern for U.S. reaction to their policies, although Brazil's image abroad continued to be of some interest. The political problems that threatened Costa's survival in power diverted his attention from foreign policy matters. Economic concerns vied with domestic politics for the government's attention, so that the Foreign Ministry became something of a policy sideshow under non-diplomat José de Magalhães Pinto. All important national policy decisions were in the military's domain, and the aggressive hard-line faction generally defined

the issues in terms of narrow national considerations. Finance Minister Antônio Delfim Netto emerged as a major influence on development policy and was able to exploit the erosion of the President's authority to become a major force in the foreign policy realm; it did Delfim no harm that the economic successes of 1968-1969 contrasted dramatically with political failures.

Perhaps the most significant foreign policy dispute during the Costa e Silva government concerned what role the Foreign Ministry should play in nuclear policy. Against the background of several ultra-nationalist campaigns against U.S. exploration for Brazilian atomic minerals in the years preceding 1964, Foreign Minister Magalhães Pinto (a major political figure still harboring presidential ambitions) perceived advantages to both Brazil and himself through advocacy of an independent nuclear capability. While this position appears to have enjoyed considerable support within the aspirants rank of the foreign service personnel, it came in conflict with the view that development in nuclear energy could best be expedited through participation in the United States' "atoms for peace" program. Mines and Energy Minister José Costa Cavalcanti, a retired Army Brigadier General and former congressman, favored this latter position and, along with important military elements, held that the Foreign Minister's efforts to mobilize nationalist sentiment in support of Brazil's confronting the United States on this sensitive issue could jeopardize the cooperative program. In October, 1967, scarcely a half year into Costa's term in office, the National Security Council de-

cided that the Foreign Ministry would limit itself to international negotiations rather than decide policy.<sup>4/</sup>

During the last year of his abbreviated presidency, Costa seems to have been unaware of potentially serious problems in relations with the United States, especially after the December, 1968, coup-within-a-coup that led to the closing of Congress and reinstitution of massive purges. Wrapped up in his ultimately unsuccessful efforts to find a viable path between civilian pressures for political normalization and military demands for increased authoritarian measures, the President was not well informed either concerning curbing of aid from the United States after the December, 1968, Fifth Institutional Act or the subsequent hiatus in discussion of new projects. He did, however, realize that the U.S. aid program was far less important than it had been when he came to office, having already been scaled down. Nor was the political decay preceding the government's demise conducive to effective foreign policy initiatives on Itamaraty's part.

The Médici administration appears to have taken a broader view of Brazil's prospective international role than had its predecessors. Dedicated to building up Brazil's economic might to help the nation to assume its rightful place on the world scene, Médici generally favored--though not in any slavish or automatic way--cooperation with the United States. The predominant rational and calm tone became more confident as the "economic miracle" continued and gained international attention. As consolidation of the administration in Brasília



narrowed inputs from outside the government, the period saw increasing centralization and concentration of policy-making authority. Major decisions were made by a relatively small group in what Rio de Janeiro and São Paulo observers saw as the not-so-splendid isolation of Brasília. Foreign policy issues remained essentially the province of specialized elites, while public interest remained generally low and intermittent. The government was still basically inward-looking, concerned above all with development and security, while Brazil United States relations remained the chief focus of its foreign policy concerns. Increasingly, however, the hunt for export markets to sustain the industrial center of Brazil's economic growth came to the fore.

Following the eclipse of the nationalist faction headed by General Albuquerque Lima (Médici's chief rival in the Army's internal selection of its presidential candidate in September, 1969, who was forced into retirement the following year), the military moved toward a strict orthodoxy that narrowed acceptable options during the first part of the Médici government. As Army Minister Orlando Geisel strove vigorously to reduce factionalism within the military, foreign service officers attempted to adjust to the current line of national security doctrine. This was reflected, for example, by 1970-1971, in debate on policy toward Chile; those who stressed the distance between the two countries and doubted that the Allende regime constituted even a remote threat to vital Brazilian interests,

realized that they were becoming dangerously out of line with approved thinking on the subject, and tended to keep quiet. An intransigent position on Cuba, wary attitude toward augmented relations with the USSR, and continued sympathy toward Israel, were the foreign policy views approved by the military. As will be seen later, this attitude thawed considerably by the mid-point of the Medici administration as the government's stability was increased by virtual elimination of internal security threats and a major government victory in the November, 1970, election.

In marked contrast to Costa's 30 months in office, presidential advisors were key to policy making during the Medici years; Civil Cabinet head Leitão de Abreu, a former university professor, emerged as a competent bureaucratic infighter. The SNI under General Carlos Alberto Fontoura exerted significant influence over /policy toward such neighbors as Paraguay, Bolivia, and Uruguay, while the Foreign Ministry under Mario Gibson Barbosa seems to have had its way on matters that other, more powerful agencies did not view as significant either in military-security or economic terms. Even where Itamaraty began to carry the ball, as on the bilateral fishing agreement with the United States, when the Navy wanted the U.S. boats out, power shifted to the National Security Council with instructions from the President to resolve the dispute promptly without too much concern for the views of the Foreign Ministry. When his Foreign and Finance Ministers engaged in a public dispute over policy toward Africa, he stepped in to censure both.

Médici was inclined to delegate considerable authority, but then hold his ministers quite strictly accountable. When a decision seemed necessary to him, he would give the problem to whoever he felt might solve it best irrespective of established bureaucratic lines, a situation that often worked to the advantage of Delfim Netto, who had been kept on as Finance Minister and was gaining an international reputation as author of Brazil's "economic miracle." Matters began to change during Médici's final year in office as the President became more involved in the succession question and Delfim was trying to keep the lid on the economic situation in order to keep his mystique (and his carefully unspoken political ambitions) alive. Under the impact of growing world inflation, the international oil crisis, and the country's economic boom, inflation had again increased by late 1973 and the President's faith in Delfim, whose own popularity with the military had declined, waned. Gibson Barbosa sought new foreign policy initiatives, but as a lame duck with consequently limited authority himself, was unable to accomplish anything of lasting importance. Indeed, the international arms of the several ministries went very much their own ways during these months.

Although Petrobrás President Ernesto Geisel was the front-runner almost from the time the dust settled after Médici's elevation to the presidency, his selection as chief executive for the 1974-1979 period was far from assured, much less automatic. Early favorites--military as well as civilian--are often burned out by the crucial stretch drive in Brazilian



politics and several other senior generals were available. Médici himself seemed to prefer to retire General Adalberto Pereira dos Santos, who had been Army Chief of Staff when he was first promoted to general officer rank. Civil Cabinet Chief Leitão de Abreu promoted the candidacy of former Army Minister Aurélio de Lyra Tavares, his brother-in-law, who had presided over the military junta that chose Médici for the presidency back in October, 1969. Orlando Geisel, who as Médici's Army Minister favored his own younger brother's candidacy, was himself preferred by a significant group of officers. General Fontoura, the SNI head, and General Dirceu Nogueira were opposed to the choice of Ernesto Geisel to the very end, while the nationalist wing, who behind Albuquerque Lima had challenged Médici for the nomination, were reported to count four-star Generals Artur Candal da Fonseca and Rodrigo Otavio Jordão Ramos among their ranks; they quite clearly would have preferred someone more of their own stripe than the Castelista Geisel.

Both straight continuism (that is, simply staying in power indefinitely) and a limited extension of the incumbent's mandate were discussed within the administration's inner circles as alternatives to endorsing Geisel, but such discussion has become a rather standard ploy to offset erosion of the President's authority as he nears lame duck status. In the end, much as Castelo Branco had accepted Costa e Silva as his successor in 1967 to avoid deep division within the military, so Médici chose Ernesto Geisel as the government's candidate, but forced him to accept Adalberto as his running mate.

A long-time staff man who had served as Military Cabinet Chief under Castelo Branco, Ernesto Geisel involves the presidency much more directly in the decision-making process; it is now the central executive agencies rather than the ministries that most often handle the difficult problems. As it affected the institutional side of foreign policy-making, the transition from the Médici to the Geisel administration primarily involved changes in personnel and consequent shifts in relationships among key decision units. The changes were facilitated and to some extent rationalized by limited modification of relevant governmental structures. In terms of goals and perceptions, officials held over from the preceding administration adapted to the changed situation, especially to the threat presented by the energy crisis. The need to shift toward the Arab side in the Middle East conflict, the need to respond to quick moving events in Portugal, new opportunities with regard to China, and changing Hemisphere attitudes toward Cuba's continued exclusion from the inter-American system called for rapid presidential response.

In the collegial or team approach adopted by the Geisel administration, policy questions are assigned to interministerial committees in an orderly manner, and with the Civil Cabinet and the Planning Secretariat carry out systematic studies and coordinate working papers for the President. The concentration of economic policy making in the hands of the Finance Minister has been eliminated, final decision-making power has been centralized in this new style, and the President

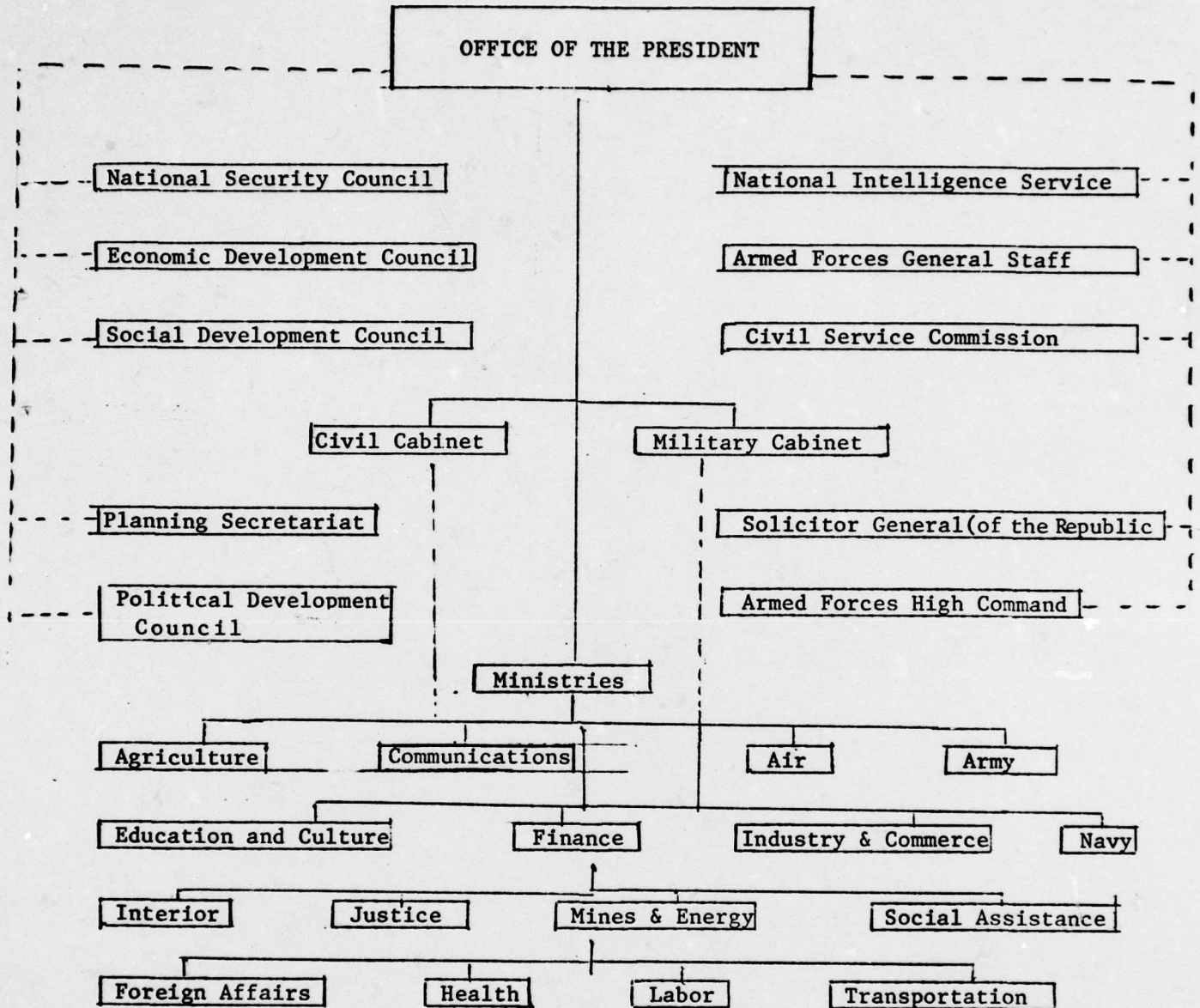


is the final authority. While discussion of policy matters is more broadly diffused than under Médici, there is significantly less delegation of decision-making authority by the Chief Executive. No longer do the SNI head and the Civil and Military Cabinet chiefs together decide many foreign foreign policy related matters under delegated authority from the President, as appears to have been the practice in the preceding government. And certainly there is no super-minister such as Delfim Netto (or before him, Roberto Campos) who might take advantage of economic concerns to expand his influence far beyond economic matters.

#### Presidential Advisors and Staff Agencies

After the President, the most important parts of the executive office that concern themselves with foreign affairs include the National Security Council (CSN), Civil Cabinet, Planning Secretariat, Armed Forces General Staff (EMFA), National Intelligence Service (SNI), High Command of the Armed Forces, and Economic Development Council. (See the attached organization chart for an idea of their place within the executive structure.) The key personality in this structure is Minister Golbery do Couto e Silva, Chief of the Civil Cabinet. A retired Army Major General, Golbery organized and headed the SNI under Castelo (when Ernest Geisel was serving as Chief of the Military Cabinet). While Golbery is best known as one of Brazil's--indeed, Latin America's--leading geopoliticians, he has so far concentrated chiefly on domestic matters, particularly decompression and the rational fitting together of Brazil's internal policies. And although, unlike his predecessor





João Leitão de Abreu, he has no foreign policy specialists on his staff, Golbery and Geisel have been very close in their basic international outlook for many years, and the President consults with Golbery on all significant foreign policy questions. A liberal within the context of Brazilian military politics, he is the chief target of hard-line critics, who seek to undercut his influence and undermine his authority.

Perhaps next in influence is the Minister-Chief of the Planning Secretariat, João Paulo dos Reis Velloso (Planning Minister under the Médici government). Like Golbery, he meets daily with the President, something that other ministers do not do, and functions as the secretary general of the Economic Development and Social Development Councils. With Delfim out, Reis Velloso represents the maximum continuity within the government (he was part of all post-1964 administrations and a minister in the past two governments). He does not, however, appear to initiate foreign policy, but rather to coordinate and facilitate efficient operation of the policy-making machinery. The Planning Ministry from which the secretariat descended was clearly in the shadow of Finance during the Médici years, but did continue to represent Brazil's primary contact with several international financial agencies and international organizations--notably the IDB and IBRD, but not the IMF. While Reis Velloso thus spoke for Brazil abroad in a number of significant cases, he did not really make policy independently.

The National Intelligence Service (SNI) is headed by three-star General João Baptista de Oliveira Figueiredo, who served as Médici's Chief of the Military Cabinet. Under Médici the SNI, which he had headed for most of the Costa e Silva administration, became involved in foreign intelligence reporting in competition with the Foreign Ministry and the military attachés. While it has since concentrated on internal security matters, there are indications that Figueiredo is little loath to resume poaching on the foreign policy preserve, particularly with regard to neighboring countries. Now a rather large agency with its own training school (the ESNI established in May, 1972), the SNI has become a policy advisor on a wide range of issues--since national security is very broadly defined in Brazil--as well as evaluator of the effectiveness of many organizations and programs.

The role of the National Security Council (CSN)--made up of the President, Vice-President, all Ministers, the Chiefs of the Civil and Military Cabinets and of the SNI, the Chief of the Armed Forces General Staff, and the Chief of Staff of the three services--has diminished under Geisel (its secretary general during the Castelo government); the smaller, more specialized councils have largely replaced it in policy formulation. Its staff still studies matters affecting national security and it has representatives in each civilian ministry to provide it with data.



The Economic Development Council, presided over by the President himself, brings together the Ministers of Finance, Agriculture, Interior, and Industry and Commerce as well as the Minister-Chief of the Planning Secretariat, who serves as its Secretary General. While not directly charged with foreign affairs, it makes decisions crucial to international economic relations.

The newest of these key councils is the Political Development Council, established at the beginning of 1975. Unlike the others, it is not an interministerial body exclusively, including as it does the presiding officer of each house of the Congress as well as the respective majority leaders. This represents an expansion of the informal group of President, Minister-Chief of the Civil Cabinet, Minister of Justice, and Arena President which has met frequently to map political strategy since the beginning of Geisel's presidency. It has been kept flexible to date in order to adjust to changing political circumstances, and may be used to gauge political reactions to major policy shifts.

#### The Military Establishment

The basic goals for foreign policy and limits on foreign policy thinking and behavior stem in a fundamental sense from the military. While to a very marked degree military influence

is made effective through the President, as the four-star general selected for the dual role of the nation's chief executive and leader of the revolutionary movement of March, 1964, the Armed Forces have other channels to express their opinion formally, as well as various informal means of influence. The military does not usually veto, provide authority for, or guide, or revise foreign policy decisions. Except where security considerations predominate, the military is not usually involved in specific policy decisions, and the carrying out of foreign policy is, with very rare exceptions, left to agencies with greater international legitimacy and acceptability.

The military is clearly the President's basic constituency and the key group whose reaction to any significant development or policy initiative is sought out and anticipated by other groups and individuals. Yet the Brazilian Armed Forces are a complex and varied set of organizations, all elements of which are not likely to be satisfied by any given policy or governmental priority. Military interests are too diverse for the administration to make a constant series of decisions designed primarily to satisfy this most crucial power factor. Other considerations must also be taken into account. Governments seek to follow reasonably consistent policies toward objectives valued by important sectors of the Armed Forces, at the same time that they take prudent steps to avoid a dangerous buildup of organized backlash within the military to measures the government deems necessary even if offensive to some officer factions.

Foreign policy is generally of less importance to the military than essentially domestic political questions such as the gradual decompression of authoritarianism. Indeed, the several serious crises between the executive and the military since 1964 have in some central way involved resistance to moves designed to normalize political life through an increased role for or tolerance of the opposition. Perhaps the most dramatic or at least sweeping example of military-sponsored change in foreign policy came with the Castelo Branco government's turn around on policy toward foreign investors and relations with the United States in general.

During the Médici administration the military were clearly the government's power base, but this did not mean that they could control all important decisions, even less so in foreign policy than in domestic affairs. They did, however, set the tone and limits to policy debates even if they did not take a specific position on given questions. Chosen to preside over the nation by the Armed Forces, Médici functioned as the final arbiter in policy disputes. For much of his term a considerable gap existed between the military's view of the world and that of Itamaraty, particularly when the latter saw advantages for Brazil in limited confrontation with the developed nations, in order to extract concessions from them.

The position of President Geisel as political leader of the military is not yet fully consolidated. While he has met with substantial success in establishing his supremacy--as in his facing down the Army Minister after the November 1974 elections--



role reduction for the Armed Forces after so much role expansion remains a problem. He has used what he calls responsible ecumenical pragmatism with some effect to disarm the remnants of the hard-line, but these ideological guardians of the Revolution must still be taken into account, at least to the extent that they still constitute islands of resistance entrenched within the security apparatus.<sup>5/</sup>

Perhaps most significant in the transition from Médici to Geisel is the fact that military inputs into foreign policy relevant decision making are now more ad hoc and less generalized than was the case prior to March, 1974. The President relies on the National Security Council, where the military's input was great at the secretariat level (the Chief of the Military cabinet is the secretary general of the CSN), and places greater emphasis on specialized councils that bring together four or five ministers with common interests. These councils are presided over by the President himself and serve as forums for real policy-making debate (e.g., the Economic Development Council and Foreign Trade Policy Council). Such large and formal bodies as the CSN, the Council of Ministers (cabinet), and Armed Forces High Command meet quite rarely and generally for more ceremonial purposes than these newer working bodies. To say that the military's impact on the foreign policy is increasingly ad hoc is not to say that it is less potent than before. On matters related to security the military has a very distinct weight--it can and does rule out certain policy choices and veto some Foreign Ministry proposals. The military

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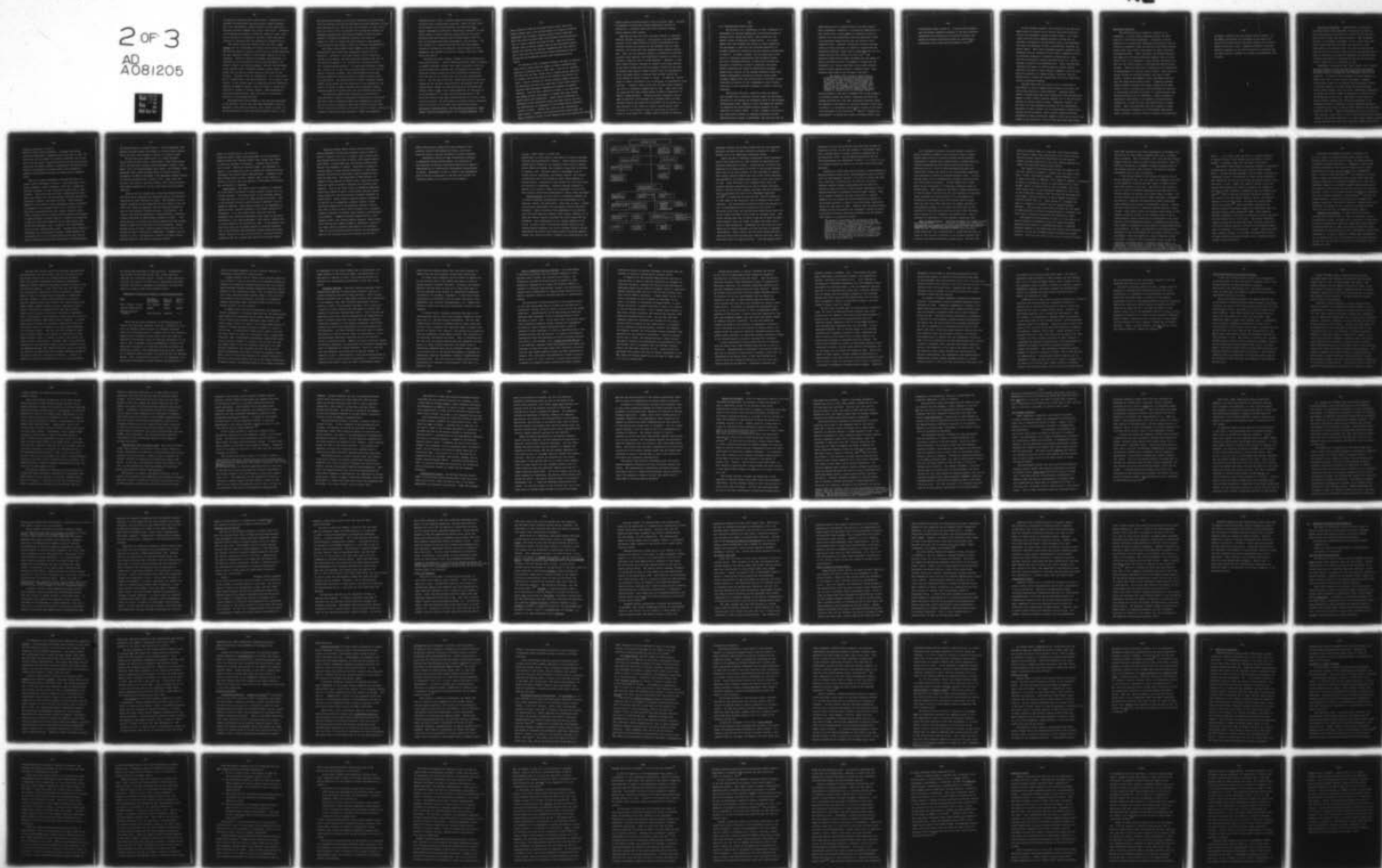
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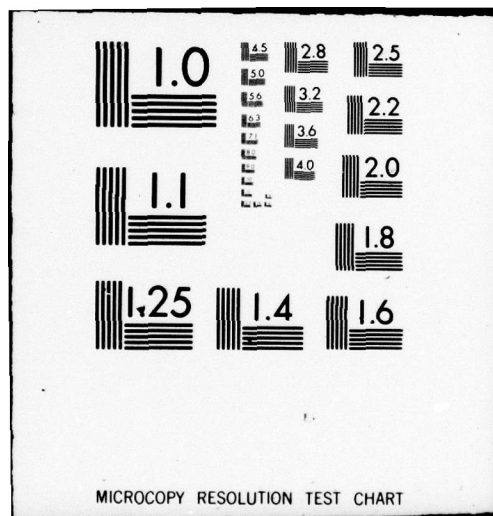
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is primarily concerned with nuclear policy, interdiction of movement of subversives, Brazilian policy toward Argentina, and, less continuously, matters relative to the potentially delicate situation between Peru, Chile, and Bolivia. Relations with Portugal have become a militarily sensitive issue, while Law of the Sea is of concern to the Navy, which also has an interest in relations with the countries of Southern Africa.

The nature of decision making within the Army's Alto Comando and its relationship to foreign policy matters through the National Security Council is not clear to outside observers. The most important linkage in this respect appears to be the President. Through a variety of channels and mechanisms, including--but not restricted to--the service ministers, the chiefs of staff, the military cabinet, the SNI, and the Armed Forces General Staff, Presidents Castelo, Costa, Médici, and Geisel have all kept in close touch with the views of the military. Consensus views are effectively, if at times informally, communicated to the Chief Executive. As a general rule, however, if the officer corps is satisfied with the President's handling of domestic affairs, they are likely to accord him a good deal of leeway in foreign affairs. When dissatisfied with international policy, they are likely to focus their hostility on the Foreign Minister.

The Armed Forces High Command is the military equivalent of the Economic, Social, and Political Development Councils. Composed of the service ministers, their chiefs of staff, and the Minister-Chief of the Armed Forces General Staff, it can

be used by the President to structure and channel military input into the setting of priorities and making of basic decisions. During this administration it has met with the President at least twice: first on June 6, 1974, to consider how to reconcile military re-equipment programs with the foreign exchange crunch and desirability of building up domestic industry; then again on January 20, 1975, to review the world situation (and possibly to be briefed on the regime's plans for political decompression).

The Armed Forces General Staff (EMFA) is by contrast a continuously functioning body responsible directly to the President. Headed by a four-star General, with a three-star officer as his deputy, and with flag-rank officers from each of the services assigned to it, the EMFA is a potential nucleus for a future Defense Ministry. Its Chief has ministerial standing, and even now it has its own foreign service in the form of Brazil's military attaches. The Brazil-United States Mixed Military Commission and the Higher War College function under its supervision. The Minister-Chief of EMFA, currently General Antônio Jorge Corrêa, has the authority to call meetings of the Council of Chiefs of Staff (Concem) and is gradually gaining increased powers of coordination over the individual services.

The Brazilian Armed Forces constitute a large and far from monolithic, albeit an essentially hierarchical, institution. The Army--with an authorized peace time complement of 183,000 men and an actual strength of more than 160,000--contains some 15,500 commissioned officers and 49,000 career non coms in addition to volunteer enlisted men and conscripts. These are dispersed



throughout Brazil under a complex command and administrative structure that is continually modified. There are four field armies headed by four-star generals and twelve military regions commanded by three-star (Divisional) generals.<sup>6/</sup> An even larger number of senior generals occupy posts in the quite differentiated Army Ministry and the Army General Staff (as well as the bodies previously discussed in this section). The full generals as a group constitute the Army High Command, frequently convened by the Minister, thus bringing the Army Commanders into Brasília from Rio de Janeiro, São Paulo, Pôrto Alegre and Recife.

The Army has within itself a number of major branches and specialized services. Each of these specialties tends to develop a somewhat different outlook; the classic contrast is the construction engineers' concern with the problems of the underdeveloped interior versus the coast artillery's familiarity with only the Rio de Janeiro area and its more international milieu. For the senior officers, these differences of view are reduced by the two-year study period at the General Staff and Command School (ECME) and year-long course at the Higher War College (ESG) as well as by a high proportion of time spent in staff assignments.<sup>7/</sup> In sum, the size and diversity of the Brazilian officer corps makes generalizations as to their views on policy matters, and particularly on foreign policy, hazardous. This is true even if one reads their major house organs: Segurança e Desenvolvimento, Revista Militar Brasileira, Nação Armada, Revista do Clube Militar, and A Defesa Nacional. The



same limitation holds for the Navy and Air Force, since the former numbers some 3,500 officers among its roughly 45,000-man complement (and includes a marine corps of some 13,000 men), while the latter has more than 5,000 officers and sub-officials out of a total strength of nearly 40,000. Thus the military officer corps in Brazil numbers some 24,000 individuals before taking into account the officers commanding more than 185,000 men in the full-time paramilitary forces maintained by the 21 states and the burgeoning security and militarized police forces.

In foreign as well as domestic affairs the Army is dominant, while the Air Force does not appear to have a differentiated position or distinct role in this area. This is not, however, the case with the Navy, whose role in foreign policy questions is closely tied to the issue of the 200-mile territorial sea limit. Long of interest to certain elements within Itamaraty, for some years the Navy felt that such a limit would involve a policing and enforcement responsibility beyond its present capacity. Once the Navy shifted its stance in the late 1960's and became willing, even eager, to assume this task, Brazil moved quickly and effectively. Recent major discoveries of petroleum on the continental shelf have been used by the Navy as justification for expansion of its already fairly ambitious building program. Younger Navy officers seem increasingly drawn toward a Southern cone-oriented foreign policy where the Navy's potential mission is more dynamic than just helping the United

States protect the South Atlantic from the Soviet fleet. As might be expected, the Navy has evinced substantial interest in Antarctica, a continent that most other Brazilian foreign policy agencies have ignored.

When the military feel that national security is involved, military opinion is decisive. The relevant views and probable reaction of the Armed Forces are usually anticipated by the civilian rulers and certainly by the President and his chief advisors, who since 1964 have themselves been ranking military men. Thus, for the foregoing reasons, a definable and distinct military input separate from Presidential opinion is often not evident or explicit even to local observers. Moreover, a somewhat unique situation pertains at present, since Army Minister Silvio Couto Coelho Frota was not Geisel's choice for the post; he reached that position almost through force of circumstances after the sudden death of General Dale Coutinho during the early months of Geisel's tenure in office. In addition, General Frota is widely considered to be an adversary of presidential right-hand man Golbery, whose active duty military career ended at the level of regimental command back in 1961. Thus, Frota does not play the role that Orlando Geisel filled so effectively in Médici's administration. Following Frota's compulsory retirement by mid-1976, the President will probably select as Army Minister someone who enjoys his confidence. But at present the Army Minister is not likely to present foreign policy views directly to the President unless an issue were to arise on which he could speak for a sudden surge of opinion on the part



of a discontented officer corps.

The military, as a consequence of their acceptance of development as the most appropriate and effective means to enhanced power status for Brazil, have agreed with the general thrust of Brazilian foreign policy. To a large degree they have accepted the shifts in policy adopted by the government to cope with the increased domination of economic imperatives resulting from the changed circumstances of 1974-75. At times, however, this has been more in the nature of temporary acquiescence than permanent support. The still developing question of Angola has strained the military's confidence in Brazil's diplomacy and raised doubts concerning the limits of Third World alignment. Armed Forces reaction to the Foreign Ministry's moves from Angolan independence through the present violent power struggle suggests that the military may be inclined to place restraints on pursuit of the "independent" line in policy involving an area considered strategic to Brazil's security interests.

The Foreign Ministry, riding the crest of significant success with a political leaning toward the Afro-Asian countries as the formula for diplomatic gains in the changing international order, appears to have instigated the decision to recognize the Soviet-backed Popular Movement for the Liberation of Angola (MPLA). In part, perhaps, a reaction to the liabilities involved in delaying recognition of the Marxist-Leninist regime in Mozambique, this move was seen as



underscoring Brazil's identification with Black Africa. From a diplomatic viewpoint, it provided an opportunity to gain points with a large number of countries as well as getting in on the ground floor with the group most likely to be governing Angola during that new nation's early formative years. Moreover, recognition could be rationalized as of the government in control of Luanda when the Portuguese withdrew, rather than as preference for one contending faction over others in a civil war.<sup>8/</sup> The Brazilian Armed Forces became disturbed over the degree of Soviet and Cuban military involvement in Angola and the prospects for a Soviet naval base on the South Atlantic almost directly opposite Brazil's eastward bulge. Many officers subscribed to the strategic view that:

The moment that a military power hostile to Brazil occupies the Atlantic coast of Africa, at any point--from Morocco to South Africa--we will begin to feel a climate of uneasiness and of warlike pressure in our country without precedents in our history. This is because, today, even a base of intermediate range rockets installed on the West African salient could easily threaten a long strip of our Northeast bulge.<sup>9/</sup>

Very pointedly at the end of December 1975 in the presence of President Geisel the admiral commanding the Naval War College declared that "our most legitimate interests would be affected if the control of the South Atlantic should come to belong to a superpower traditionally foreign to the ocean area contiguous to our territory."<sup>10/</sup> Brazil's "special representation" in Angola was raised to Embassy status, with

-72c-

no Ambassador named to head it. Although the President's year end speech commented favorably on the good relations established with Portugal's ex-colonies in Africa, few observers believed that Angola would not continue as a troublesome issue within decision-making circles. 11/



In the ultimate analysis, the influence of the Brazilian Armed Forces on foreign policy derives from their political role as the President's essential constituency. It is this, rather than the global defense function on which the U.S. military's influence on foreign policy rests, that determines the range and character of their international interests and policy impact. While their expanding security interests plus enormous political influence do give them a substantial voice in the basic orientation of Brazil's foreign policy, they lack the interlocking leverage achieved by the U.S. military through its massive and world-wide role. While the Brazilian military have begun to furnish material aid and limited training to several of their smaller neighbors, they are still more the recipient of linkage effects, primarily from the United States, through the scaled down, but still significant military assistance program.

Although there does not seem to be or to have been a high degree of formal communication between the military and the Foreign Ministry on policy matters, Itamaraty policy makers, through family and social connections with the military, appear to have a fairly accurate general view of the military's position on foreign policy issues. Sometimes, however, the military view some diplomatic personnel as not sufficiently Brazilian in their outlook, but as striped-pants cosmopolitans. Foreign service personnel, while perhaps resenting military overseeing of their activities, appear to take this as one of the givens in the situation; a fact of life that they must accept.



### The Foreign Ministry

The Foreign Ministry (generally referred to as Itamaraty), is quite clearly prominent within the inner councils of the Geisel government. Itamaraty's lack of centrality is of particular importance since much of the deciding on fundamental goals and policies that affect foreign policy takes place within this network of small, partially overlapping bodies. Quite logically, the Foreign Ministry--and especially the Foreign Minister himself--tend to be defensive when it is suggested or even implied indirectly that they are not central actors in the Brazilian foreign policy process. (There has been talk in Brasília of the possibility of establishment of a Foreign Policy Council, which would of course include the Foreign Minister, but also at least Finance, Industry and Commerce, Mines and Energy and probably the Armed Forces General Staff. Itamaraty personnel appear divided on whether the formal recognition of these rivals' voice in foreign policy would outweigh the benefits of the Foreign Minister's inclusion in a policy-making body chaired personally by the President.) While Itamaraty is involved to some degree in all aspects of foreign policy formulation, it does not have the deciding voice on major issues. This is particularly true with respect to fundamental decisions stemming out of development imperatives which, although originally rooted in domestic considerations,

-74a-

profoundly condition or limit foreign policy options. In the Médici period when the President was not overly concerned with foreign policy and Gibson Barbosa had a certain degree of political clout, Itamaraty frequently initiated specific proposals in the realm of political relations--but not when important economic or strategic considerations were involved.

The Foreign Ministers. Gibson Barbosa as Itamaraty's Secretary General under Magalhães Pinto during the Costa e Silva administration had been able to move his men into many key positions within the Foreign Ministry. When he became Minister in the Médici government, he ran a tight ship; decisions flowed from above and there was relatively little flexibility at the working level. He tried to convince the military that he was really concerned with national security so that he could gain the requisite acceptance for policies that involved some degree of confrontation with the United States without appearing to be unreliable or soft.

Ambassador to Argentina from 1969 to March, 1974, Foreign Minister Antônio Francisco Azeredo da Silveira was selected by Geisel as head of Itamaraty to dramatize the priority to be given Brazil's relations with her neighbors, particularly Argentina. As Brazil's Chief Delegate to the UN agencies in Geneva from 1966 to 1968, Silveira had taken a strongly nationalistic stance on the Nuclear Non-Proliferation Treaty, a position shared by the then Foreign Ministry Secretary General Sérgio Affonso Correa da Costa (subsequently Ambassador in London and recently named to head Brazil's Mission to the United Nations in New York). When Costa e Silva failed to secure military approval for Silveira's nomination to be Secretary General of Itamaraty, Silveira embarked instead on a relatively long stint in Buenos Aires (where he had previously served in 1949-50). Having concentrated much of his career in Latin American posts---Cuba in 1945-49 before Argentina--and having served in the United States only in a very junior consular position in San Francisco from 1937-1941, Silveira's career and outlook



differed from those of many of Brazil's senior career diplomats. He headed the foreign Ministry's Department of Administration from 1963 to 1966, and during that time a number of diplomatic observers felt he was one of the few senior Itamaraty officials who did not trim his sails with the abrupt change in governmental orientation after Goulart's replacement by Castelo Branco; he continued to advocate such advanced policies as recognition of Communist China.

The use of career diplomats as Foreign Ministers is a rather recent development in Brazil. While the Baron of Rio Branco (December, 1902 to February, 1912) was a highly professional diplomat, he was a politician rather than a career diplomat. Relatively major political figures were the rule during the Vargas era, and this pattern continued through the Kubitschek, Quadros, and Goulart periods. Thus Francisco Negrão de Lima (1958-59) would subsequently serve as Governor of Guanabara, his successor Horacio Lafer (1959-61) was a São Paulo businessman-politician, Affonso Arinos de Mello Franco (although son of a former Foreign Minister and himself a former diplomat) was best known as a scholar and legislator, as was also Francisco Clementino de San Tiago Dantas (who served from September, 1961, to August, 1972, when Affonso Arinos briefly reassumed that post). Changes during Goulart's presidency were particularly frequent; lawyers Hermes Lima and Evandro Lins e Silva headed Itamaraty for nine and two months respectively after San Tiago Dantas' ten-month tenure

and Affonso Arinos' two-month reprise. Career Ambassador João Augusto de Araújo Castro was brought in to hold things together during the last seven months of Goulart's ill-fated regime.

The military also turned first to a career diplomat, Vasco Leitão da Cunha (April, 1964-January, 1966) before bringing in two political figures--Juracy Magalhães (January, 1966-March, 1967) and José Magalhães Pinto (March, 1967-October, 1969). Ambassador Mário Gibson Barbosa served as Foreign Minister throughout the Médici government, with Ambassador Antônio Azeredo da Silveira succeeding him in March, 1974. Thus, since the military took power at the end of March, 1964, career diplomats have headed Itamaraty for all but three years and nine months (1966-69).

Three of the four career men to head the Foreign Ministry had had previous experience as Secretary General, the Brazilian equivalent of Under Secretary of State. The exception is the present incumbent, who was nominated for that office in the late 1960's but vetoed by important military elements who did not care for his brother's leftist political affiliations. Yet Silveira did head the Department of Administration, Itamaraty's closest equivalent of Deputy Under Secretary of State. This would lead one to believe that future possibilities for Foreign Minister might well include the following diplomats: Sergio Affonso Correa da Costa, recently named to head Brazil's U.N. delegation after a long stay as Ambassador in London; Jorge de Carvalho e Silva, now Ambassador in Moscow and Ramiro Elysio Saraiva Guerreiro, the present Secretary General.

Manuel Pio-Corrêa Junior, who served as Secretary General under Juracy Magalhães and his predecessor, Antônio Borges Leal Castello Branco Filho, appear less likely to reach the top spot in Itamaraty, although they are both still around. Roberto de Oliveira Campos, now Ambassador in London, is an exceptional case; he headed the Planning Ministry throughout the Castello Branco administration. Ambassador José Sette Camara Filho is also a special case in this regard; he served as Chief of the Civil Cabinet in Kubitschek's presidency and as Governor of Guanabara.

Inner circle. The inner circle of Itamaraty is composed of a half dozen individuals in daily personal contact with the Foreign Minister. First among these is the Secretary General, a rough equivalent of the U.S. Under Secretary of State. Next is the Minister's Chief of Staff (Chefe do Gabinete) with his immediate deputies. Then comes the Chief of the Department of Administration, somewhat analogous to our Under Secretary for Management. It is this small group, much more than the geographic and functional department heads (equal to Assistant Secretaries in the State Department), that plays a leading role in policy making at the ministerial level. At the present time this core group has an unusual degree of economics expertise and, to some extent, lacks particular warmth toward the United States, believing as they do that Brazil's national interests frequently may not coincide with those of the United States.



Secretary General Ramiro Elysio Saraiva Guerreiro, a Senior Ambassador who has most recently served as head of Brazil's Mission to the U.N. in Geneva, works closely with the Foreign Minister's Chief of Staff, Luíz Augusto Pereira Souto Maior, a forty-eight year old Minister Second Class who was his Counselor in Geneva. Souto Maior's deputy is Geraldo Egydio da Costa Holanda Cavalcanti, a less senior Minister Second Class, whose most recent assignments were Bonn and Hong Kong. The Department of Administration is headed by Dario Moreira de Castro Alves, a Minister Second Class who served as Chefe do Gabinete for Silveira's predecessor. Also in the inner circle is Economics Department Chief Paulo Cabral de Mello, a very senior Minister Second Class nearing 50, who was Silveira's Minister Counselor in Buenos Aires. Having earned a Masters Degree in Economics at Harvard, he is frequently Silveira's choice to head Brazilian delegations to international meetings, such as that held in Paris in April 1975 to prepare for a consumer/producer conference on energy, where economic considerations are paramount. Gilberto Coutinho Paranhos Velloso, José Nogueira Filho, Luíz Felipe Palmeira Lampreia, fairly junior First Secretaries recently jumped to Counselors, round out the inner circle as personal assistants to the Minister. (Most of the individuals working directly for the Minister were on the eligibles lists for promotion during 1975.)

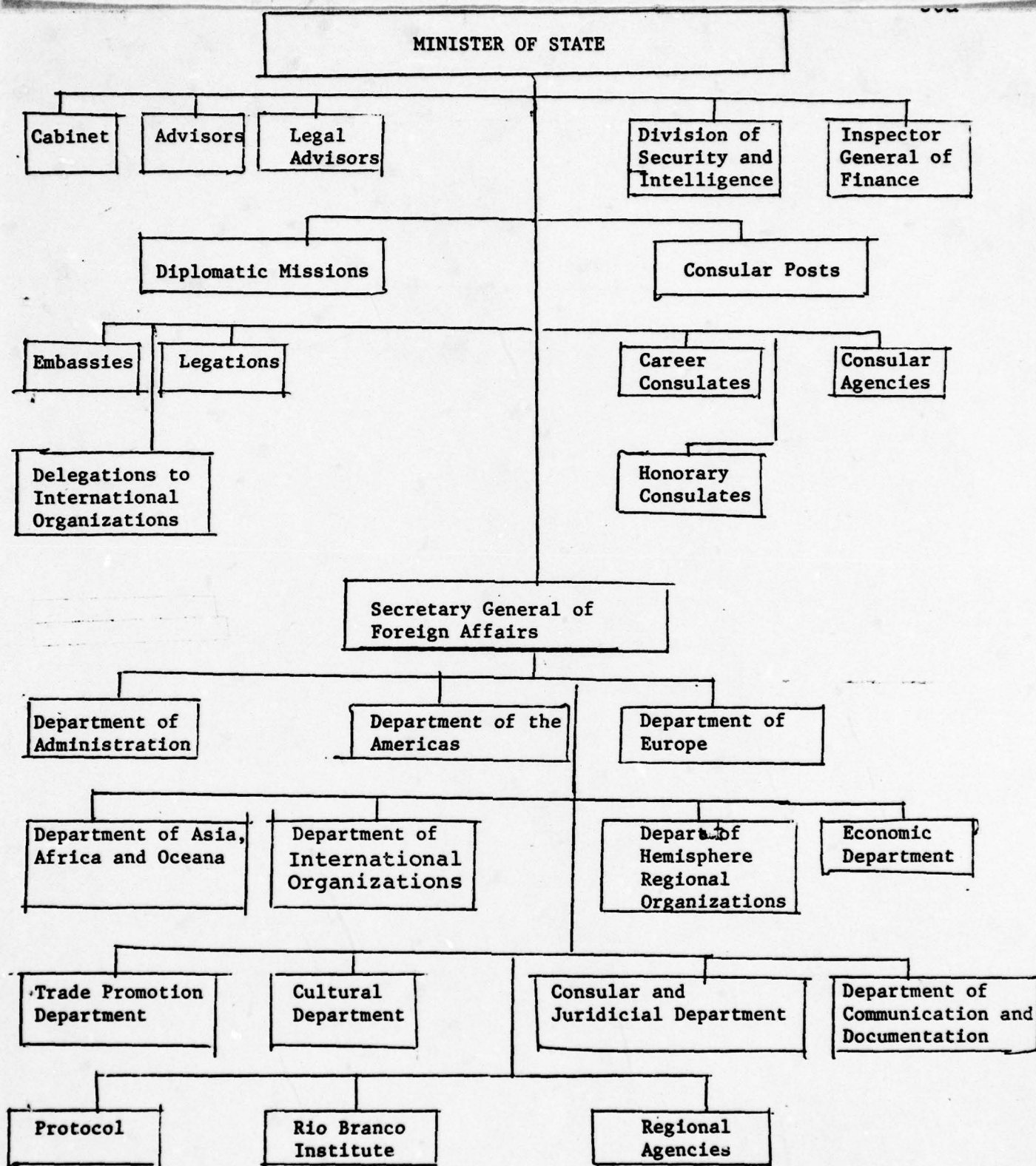
These officers deal respectively with elements of the ministry involved with Europe and Africa, with Latin American affairs, and with Itamaraty's economic elements.

Representing Brazil at many international meetings is Ambassador George Alvares Maciel, now following in the footsteps of Silveira and Saraiva Guerreiro as Brazil's representative to international governmental organizations in Geneva. Ambassador to Peru in 1969-70 and subsequently head of Brazil's delegation to the OAS, this 54-year old economist appears to be Siveira's man in Western

Europe ( where Campos in London and Delfim Netto in Paris enjoy a high degree of relative autonomy from the Foreign Minister's control). Another senior diplomat linked fairly closely to the Itamaraty inner circle is Miguel Alvaro Ozório de Almeida, who finished a long stint in Brasília in January, 1975. Personal advisor to Magalhães Pinto on science policy, technology, and similar matters, this 58-year old Minister First Class stayed on under Gibson Barbosa as policy planner, a position he held through the first ten months of Silverira's stewardship. Formerly economic counselor to Brazil's U.N. mission, Ozório has a reputation as one of the more prickly nationalists among Brazil's senior career diplomats.

The institution. Silveira and his lieutenants preside over a ministry organized geographically into Departments for the Americas, Europe, and Africa-Asia. There are, as well, a number of functional Departments such as Economic Affairs and Trade Promotion. Three divisions of the Department of the Americas deal with South American affairs, while another combines all of North and Central America including the United States and the Caribbean. This organization is to a degree symbolic of the latent friction within the Ministry between Silveira's men, largely Spanish speaking, and the U.S.-Western Europe oriented individuals who dislike the stress placed on Hispanic America. Indeed, the transition within Itamaraty was accompanied by con-





siderable confusion as Silveira brought his men into important positions and many officers routinely returning for tours in Brasília had to be immediately reassigned abroad.

Brazil has had a rigorously professional career diplomatic service since World War II, with entrance by examination and promotion essentially on merit. Decree Law No. 18 392 of 1951 requires two to three years of service in the Foreign Ministry after four to six years abroad, so that Itamaraty is staffed with foreign service officers who have recent field experience and expected to go overseas again within a fairly short period of time. Since 1949 some 6,000 candidates have taken the rigorous entrance examinations for the Rio Branco Institute, Brazil's foreign service academy, and about 600 have graduated and now constitute the bulk of the 700-member diplomatic service.<sup>12/</sup> (A decade ago the size was 525, then the reform act of 1966 added 94 new positions, with an eventual rise to 868 foreseen.) The policy-making positions within the Ministry as well as ambassadorial posts overseas are held by the 77 Ministers First Class and 100 Ministers Second Class (with five of the former and three of the latter on extended leave). The former average more than 56 years of age and 32 years of diplomatic service, while the latter run about five years less in each of these categories. Candidates for this elite are found among the 110 career diplomats who hold the rank of Counselor (Conselheiro), while a few of the 120 First Secretaries hold positions where they may help shape specific policies (such as assistant chief of a small division). Even the typical First

Secretary is in his early forties with more than 15 years of diplomatic service, so that any changes in recruitment would have a delayed impact on either outlook or capabilities at the decisional level. The 140 Second Secretaries and 160 Third Secretaries--the equivalent of FSO's 5, 6, 7 and 8 in the U.S. service--remain at least 10 to 20 years from policy-level positions.

Although in recent years there has been a slow broadening of the traditionally narrow social and geographical base of recruitment for the diplomatic service, it is still an elite body that has a good deal of generational and familial continuity. Rigorous foreign language requirements and the need for a university education prior to the entrance examinations give a decided advantage to candidates from the upper classes. Only now is Brazil broadening the base from which it recruits students into an essentially elitist educational system, so the Foreign Ministry is likely to draw from these traditional groups for some years to come. Combined with the deeply-rooted tendency toward evolutionary and incremental changes in policy consistently favored by Brazilian diplomacy over the decades, this leads to a situation in which:

The system of recruitment and discipline, plus the institutional aura of respect for tradition and the 'spirit of Itamaraty,' has produced a distinct foreign office outlook on international affairs. It is nationalist, but more pragmatic than romantic. It is oriented toward Europe and not America. It emphasizes preservation of good relations with old friends, but not at the expense of making new ones. It entails a desire for a larger Brazilian role on the world scene, but it does not exaggerate the nation's present prospects for world power. 13/



U.S. diplomatic personnel who have recently served in Brazil frequently comment on the Itamaraty ethos or widely-shared common outlook of Foreign Ministry decision-makers. Seriousness of purpose and a steady desire to advance Brazil's interests characterize this basic outlook which some U.S. observers see as a "kind of Less Developed Countries left-nationalist" stance and others as "an increasingly independent view expressed in generally nonconfrontational ways." A major feature seems to be a fundamentally confident nationalism that has little need of stridency. As this merges into a major power status orientation, it drops most remaining traces of defensiveness. Most frequently ascribed to shared experiences at the Rio Branco Institute and the club character of Itamaraty, these attitudes also seem related to the recruitment and socialization processes within the foreign service itself. Given the fact that other good jobs are readily available in the expanding economy, it is likely that those who are disgruntled or frustrated may leave the service; other mavericks may be passed over for promotion and selected out, thus increasing the homogeneity of this somewhat corporative body.

Role in major policies. Brazilian diplomats are capable of learning from experience and prone to engage in a continuing reassessment of the opportunities and challenges emerging from changing international conditions as well as of the costs and benefits involved; all the more so if the President leads the way. Thus the substantial shift toward the Arab world during 1974 was a modification of traditional policies in terms of real national interests; vital economic concerns took priority over earlier political considerations. The fact that

the policy change began at a time when the Foreign Minister was trying to appear more nationalistic than other ministers and was actively resisting encroachments by the powerful Finance Minister makes this a case that affords important insights into Brazilian foreign policy making.

The tipping of Brazilian policy toward the Arabs in the Mid-East conflict coincides so closely with the energy crisis that a casual relationship appears. Gibson Barbosa's trips to Egypt and Israel in February, 1973, seemed to suggest a continuance of Brazil's equidistant stance; he reaffirmed Brazil's "even-handed" policy of impartiality as late as October, 1973; but three months later, he was expressing sympathy for the plight of the Palestinian refugees after the Arabs had indicated that such support would be required if Brazil wished to continue receiving Middle East oil. (This January 31 statement was made at a reception in Brasília for the Lebanese Foreign Minister.) The pro-Arab trend picked up steam with the change of administration as Silveira expressed Brazil's agreement with Arab views on occupied territories and Palestinian rights.

Both Brazilian policy-making as well as in the content of policy shifted as Petrobrás and the full range of economic agencies participated in a concentrated effort to multiply Brazilian exports to the Middle East and attract Arab investment to Brazil to stem the increased outflow of Brazil's currency reserves. More than any other single ministry, Mines and Energy



under Ueki benefitted from these developments as Braspetro and the Vale do Rio Doce Company expanded their role in foreign policy concerns. Thus in November, 1974, Ueki and Reis Velloso headed a special mission to Saudi Arabia and Kuwait, while the follow-up delegation in December included representatives of the Finance Ministry, Bank of Brazil, and National Economic Development Bank as well as Itamaraty.

If the steady erosion of the Foreign Ministry's role in policy formulation has, over the years, put Itamaraty very much on the defensive, Silveira has been trying to regain control over major levers in this area. One device he has sought to use is a series of periodic ministerial-level meetings on bilateral matters (as actually with Japan) under his aegis. And he has called forth the image of Henry Kissinger to underscore the need for a powerful and prestigious central figure who would personify the country's international policies. Success has been limited and he is swimming upstream against a strong current. Both recent history and present events appear to work against Silveira's efforts to get Itamaraty back on top of those decisions which define Brazil's objectives in the international arena although the picture is somewhat more promising with respect to questions of more narrowly circumscribed foreign policy-making. As noted, the petroleum crisis substantially enhanced the role of Petrobrás and its parent Ministry of Mines and Energy. While the naming of a career diplomat to head Nuclebrás in January, 1975, represented a minor victory for Itamaraty, Nuclebrás itself, a recently created agency, is responsible to the Minister of Mines and Energy, not to Silveira. Furthermore, the individual involved is a personal friend of Ueki. Any move toward the establishment of a Foreign Policy Council (some



administration figures would see this as a logical extension of Geisel's moves), would sharply counter Silveira's drive; however, a successor might view the matter differently.

The nuclear field offers an important example of Itamaraty's marginalization from decisions that vitally affect foreign policy. Foreign Minister Magalhães Pinto's attempt to promote an independent stance in development of atomic energy technology was rebuffed by the military and Mines and Energy Minister Costa Cavalcanti in 1967. Brazil did, however, refuse to sign the Nuclear Non-Proliferation Treaty to maintain its freedom to develop a nuclear capability, ostensibly only for peaceful purposes.<sup>14/</sup> Brazil negotiated technical assistance treaties in the nuclear field with Canada, Germany, France, and Israel in addition to the United States, and plans for nuclear power plants went forward.<sup>15/</sup> During the Médici government the Brazilian Nuclear Technology Company was established under the National Nuclear Energy Commission (CNEN), both headed by Hervásio Guimarães de Carvalho--an advocate of close cooperation with the United States in this area. The Nuclear Technology Company was replaced by Nuclebrás under the Geisel government, with Paulo Nogueira Baptista (ex-Chief of the Economic Department of Itamaraty) as its president. However, though Nuclebrás had a certain autonomy, it was under the supervisory purview of Mines and Energy Minister Shigeaki Ueki, President Geisel's favorite young technocrat.

A decision was apparently reached in November 1974 to buy a number of complete nuclear power plants in the European market; Ueki was the key figure who helped engineer a compromise between advocates of a "dependent" road through continued cooperation with the United States and its close North Atlantic allies, and partisans of the "independent" route to nuclear self-sufficiency.<sup>16/</sup> This decision to quickly import a number of ready-made nuclear power plants while developing production of replacement components as a step toward subsequent capability to produce complete nuclear power plants was apparently made without significant input from the Foreign Ministry; rather it was Finance Minister Simonsen who negotiated the major purchase agreements in West Germany.<sup>17/</sup> Similarly the Foreign Ministry is shut out of decisions on armaments and weapons acquisition, matters with important foreign policy ramifications, and appears to have little say on arms sales and other military activity in neighboring buffer states.

Economic policy-making. As many aspects of Brazil's international relations come to center on technical and even technological matters, relative lack of expertise in these areas by Brazil's professional diplomats means that internationally oriented technocrats of other ministries and agencies become key figures in policy-making and even international negotiations. Itamaraty is, of course, seeking to remedy these shortcomings in its capabilities, but in the absence of any significant provisions for lateral entry of experts into the foreign service, progress is slow.

The Brazilian foreign service has stressed representation and negotiation over other skills, and the curriculum of the Rio Branco Institute has not included advanced economics, while the entrance examination and admission requirements emphasize foreign languages and general liberal education, after the British tradition. In the 1950's and into the 1960's the few good economics specialists--chiefly products of graduate study on their own initiative while assigned to Washington, New York, London, or Paris--were siphoned off to agencies directly concerned with these matters, the classic cases being Robert Campos, Edmundo Barbosa da Silva, José Maria Vilar de Queiroz, and Marcilio Marques Moreira (who had a meteoric climb with the financial agencies of the State of Guanabara). Thus, it has become a major problem to retain as well as recruit and develop economics specialists within Itamaraty. In recent years junior officers with economics training have also left the foreign service for higher pay and more rapid advancement in the private sector. Then too, with the advances in economics training in Brazil, the quality of competitors in other agencies keeps rising, to cancel out much of the foreign service's gains in this respect. Moreover, many of the qualified economists in the Brazilian foreign service are needed to staff the embassies abroad; and Itamaraty does not wish to go outside its ranks to use specialists from economic agencies seconded to the Foreign Ministry as Economic Counsellors. Instead, it prefers to increase the capabilities of its career diplomats



by giving them experience in such positions. Paradoxically, the foreign service finds itself less, rather than more important at a time when foreign affairs is really beginning to matter for Brazil, and this loss of importance stems from the fact that Brazil's expanding international role has been keyed to economic rather than diplomatic goals.

Membership of Three Key Ministers in Policy-Making Bodies

<u>Body</u>	<u>Min-Chief of Planning</u>	<u>Min. of Finance</u>	<u>Foreign Min.</u>
Econ. Develop. Council	Sec. General	Member	-----
Foreign Trade Council	Member	Member	Member
National Monetary Council	Vice Chairman	Chairman	-----

While the Brazilian delegation to the Working Group on Science and Technology Transfer, which met in Brasília in June, 1974, was composed almost entirely of Itamaraty personnel rather than technology users, it appears that so many government agencies were interested in this matter that they could not possibly be represented within the Brazilian delegation, so all were on call as advisors, and the bureaucratic rivalries that might have resulted if a few had been included and others excluded were avoided. This compromise might have been suitable for a conference held in Brazil, but would not work for meetings abroad. Thus, the Brazilian delegation to the September, 1974, World Energy Conference included numerous representatives of

private and mixed companies as well as public agencies; 53 individuals represented 23 organizations.

Perhaps another clue to foreign policy decision making is to be found in a look at the range of the agencies holding discussions with important foreign delegations that visit Brazil. When Venezuelan Planning Minister Gumersindo Rodrigues came to Brasília at the beginning of April, 1974, to boost his project for a Latin American Economic System (SELA), he met with all six economics related ministries, the head of the National Economic Development Bank, and Reis Velloso as well as the Foreign Minister and the President.

It appears that Brazilian institutional and representational arrangements in bilateral dealings with the United States have tended to be influenced by the pattern Washington adopts. If the United States prefers functional lines, Brazil will nearly always follow this lead; if the United States chooses to negotiate through diplomatic channels, Brasília is likely to do the same. In multilateral arenas Brazil looks to see what the major powers are doing as a measure of what is appropriate. Otherwise, when a high degree of diplomatic negotiations seems to be involved, Itamaraty is likely to get the nod, but when the agenda seems to call for technical expertise or an international reputation, the President may well ask one of his several cosmopolitan functional ministers to represent Brazil. Also, since the continued preeminence of economic concerns in relations with Western Europe has led to the recent appointments of Roberto Campos, the dominant figure of the Castelo government,

as Ambassador to the United Kingdom and of Delfim Netto, the super minister of the Costa and Médici administrations, to head Brazil's Embassy in Paris, these prestige figures are available for international conferences in that area of the world.

Itamaraty approach. Brazilian officials generally take a common-sense approach to broad policy questions; they try to retain flexibility and avoid frozen positions. While Foreign Minister personnel may at times appear somewhat more ideological, if not dogmatic, than other Brazilian negotiators (who are generally intent on the practical outcome), this is partially a function of their concern with some degree of overall consistency in Brazilian international policy. Their training and experience give them a greater awareness of the limitations of Brazil's present world role, and make them appear relatively traditional compared to some economic technocrats and military planners who may be more enthusiastic over grand schemes and new departures. Yet these diplomats have been able to minimize significant or lasting adverse impact of controversial or even confrontational Brazilian initiatives such as the 200-mile limit for territorial seas. Indeed, with their relatively supple and flexible diplomacy, the Brazilians have developed considerable skill at responding to foreign pressures. Many U.S. officials rate them excellent at playing one off against another to Brazilian benefit. Their ability to turn around negotiations on renewal of the PL 480 agreement (presenting it as something the United States needed to give in order to keep Brazil buying



wheat from this country rather than from other sources) indicates they are quite capable international negotiators.

In recent years Itamaraty may have wished to demonstrate to the military that it can effectively foster as well as protect Brazil's national interests. Certainly, the Foreign Ministry has been quick to pick up--in those cases when it did not originate--such slogans as "responsible pragmatism," "ecumenism," "no automatic alignments," "a Brazilian neither satellizing nor satellized," and the recent "horizontal interdependence, yes; vertical interdependence, no!" Beyond this, Brazilian negotiators have given operational content to these concepts.

In general terms, Itamaraty officials and those in related agencies seem to enjoy little greater freedom of action than their U.S. foreign service counterparts. The fact that working-level officials in Brasília seem to spend a good deal of their time in meetings with superiors seems to suggest that they do not benefit from unusually wide delegation of authority from the responsible policy-making officers (the equivalent of our Assistant Secretaries and above). This is consistent with the fact that the Foreign Ministry does not primarily initiate policy, at least on major questions, but rather tries to effectively implement goals set by collective organs, except to the extent that it can manage some degree of autonomy over essentially technical "diplomatic" matters of representation and negotiation. But with Brazilian foreign policy largely instrumental to "Security and Development," even this is a difficult task.

Role in communist country relations. The establishment of diplomatic relations with the Peoples Republic of China provides useful insight into foreign policy making. The recognition accorded the Peking regime on August 15, 1974, reflected a combination of a quest for economic benefits, a response to perceived international changes, and inclinations toward greater independence in foreign policy concomitant with Brazil's upwardly mobile or maturing position in international affairs.

The evolution of Brazilian policy on this question began in 1971 when businessman Horacio Coimbra was provided with an "unofficial" Foreign Ministry escort on his trip to the Canton Trade Fair. Representatives of the Association of Brazilian Exporters made subsequent visits to mainland China in 1972 and again in April, 1974. On the April trip, the private sector trade delegation headed by Guilite Coutinho was accompanied by Counselor Carlos Antônio Bettancourt Bueno, Chief of Itamaraty's Asian Department, as well as representatives of the Planning Minister and the Ministry of Industry and Commerce. (Bettancourt Bueno had published an article favoring relations with China in the December, 1973, Revista do Clube Militar.) In the meantime, Communist China had emerged as the number two purchaser of Brazilian sugar during 1973, diplomatic relations with the East German Communist regime has been established in October, 1973, and Brazil had experienced a change of governments on March 15, 1974. Moreover, United States extension of detente to Communist China, particularly Nixon's highly

publicized venture in personal diplomacy, had helped thaw the thinking of Brazil's foreign policy relevant elites.

It appears that the outgoing administration had made no firm decision to send an official delegation to accompany the Brazilian exporters, although this may have been advocated by Ambassador Miguel Alvaro Ozório de Almeida, Chief of Itamaraty's Special Advisory Staff and one of the few key officials held over from the Médici government. A China expert by way of an earlier assignment as Consul General in Hong Kong, he was given a new deputy in the person of Geraldo Egydio da Costa Holanda Cavalcanti, recalled from Bonn to serve as an advisor to the new Foreign Minister. Also a former Consul General in Hong Kong, Holanda Cavalcanti had escorted the original trade mission to mainland China in 1971. At the same time that Itamaraty apparently convinced the President of the value of giving official standing to the trade mission, an interministerial committee including Finance, Planning, and Industry and Commerce examined the relationship between increased trade possibilities and diplomatic recognition. During the delegation's stay in China, the Foreign Ministry's study favoring diplomatic relations was considered by the presidential staff and the SNI, and it is possible that the National Security Council may have been consulted as well. Brazil would have preferred trade without the need for formal recognition of the PRC, while the Chinese wished to use the hope of trade itself as a lure for recognition.



Events moved quickly in August, following the arrival on the 7th of an eleven-man Chinese delegation headed by Vice Minister of Foreign trade Chen Chieh. When the Chinese officials strongly linked significant growth of commerce with diplomatic relations, the President reportedly consulted with top Army commanders before giving his final approval. Whether he actively solicited their advice or merely informed them of his decision is not yet ascertainable with any degree of certainty, but there is some evidence that even many hard-liners agreed with this step as an indication of Brazil's major league status. The August 15 agreement was implemented with the arrival in Peking on April 1, 1975, of Ambassador Aluísio Napoleon de Freitas Rego, a senior career man appointed to that post the preceding December just about when the Chinese Chargé d' Affaires arrived in Brasília. By this time Ozório de Almeida had moved on from Brasília as Ambassador to Australia, a post from which he can work actively to promote closer ties between these two large and relatively developed Southern Hemisphere powers; Australia is reportedly another significant element in the diversification of Brazil's international interests.

A brief examination of the process that led to relations with the Soviet Union some thirteen years earlier is also instructive. Reestablishment of diplomatic ties with the USSR began with an unofficial trade mission to Moscow in late 1959, reciprocated by the Soviet Union in 1960, and followed by an official Brazilian commercial delegation the next year and a return mission by the Russians. Diplomatic relations were

formally renewed in November, 1961. This process was begun under Kubitschek, accelerated by Quadros, and completed by Goulart. Brazilian motivations recall those involved in the decision to establish diplomatic ties with Communist China: the desire for increased trade, a wish to demonstrate national maturity in the international realm, and a realistic appreciation of changes that had recently occurred in the relations between the Soviet Union and the United States (in the Soviet case, Eisenhower's "spirit of Camp David" played a role analogous to Nixon's visit to China).

For more than a decade after the 1962 exchange of Ambassadors, the fruits of Brazilian-Soviet relations were quite limited, but the impact of the energy crisis and increased U.S. protectionism (exemplified by countervailing duties on Brazilian shoes) combined in 1974-75 to encourage Brazil to seek substantially increased trade with the USSR. It also enhanced Petrobrás' role in foreign policy as its overseas operating arm, Braspetro (created in 1972), negotiated the sale of shoes to the Soviet Union to offset Brazil's new large-scale purchases of petroleum from that country. The Soviet bloc's demand for coffee was relatively inelastic; sales increased to nearly 2 million sacks from the 1975 harvest, but in the future may not surpass that figure by much. Brazil must depend on other exports; several hundred thousand pairs of shoes feature in the deals that will bring bring several million tons of Soviet crude oil and diesel fuel to Brazil to diminish the latter's dependence on Middle Eastern sources. (Brazilian

purchases from the USSR in 1974 were approximately US \$170 million with exports of nearly US \$100 million; both sides of this exchange were rising sharply during 1975, with Brazilian exports reaching \$210 million in the first half of the year. In recent relations with the Soviet Union, Itamaraty has been a quite marginal actor as opposed to an earlier period when clearly diplomatic questions were central.

At present a somewhat different combination of economic, security, and diplomatic factors influences Brazilian considerations on Cuba. Itamaraty's pragmatism is evident in the Geisel administration's policy shift; Spanish American sentiment has changed; and Brazil would like to avoid isolation within the OAS. Brazilian military opposition to readmission of Cuba to the inter-American system has been neutralized to the degree that the United States has seriously entertained the idea of readmission, so Silveira has been able to move Brazil away from a hard-line stance toward a cautious attitude that advocates delay and collective study of the question, and caused Brazil to abstain when the readmission of Cuba became a yes or no question at the OAS Foreign Ministers' meeting in Quito in November, 1974, and even when sixteen countries voted to lift sanctions at San José at the end of July, 1975. The Brazilian elites remain divided over such matters as security ramifications, how readmission would affect Brazil's growing sugar exports (which exceeded coffee as a foreign exchange earner in 1974), and what possibility Cuba might offer



as a market for Brazilian manufactured goods. The lack of agreement enables Itamaraty to make headway with the argument that, if it is going to happen anyway, Brazil should not risk the diplomatic costs involved in holding out against a growing Hemisphere consensus, and should consider the possible benefits in its dealings with Third World countries should it modify its conservative image.

Itamaraty has a major voice in narrow questions of diplomatic relations and international law, although its ability to function may be reactive and may have to wait on events that themselves are able to remove military vetos. And much of the Foreign Ministry role is formal and instrumental. Thus, for example, the burgeoning of Japanese trade and investment in the early years of the "economic miracle" involved economic agencies rather than Itamaraty. Separate visits to Tokyo took place in 1971 and 1972 by the Brazilian Ministers of Industry and Commerce, Planning, and Finance. Delfim returned to the Japanese capital in early 1973 along with the head of the Bank of Brazil and other economic officials to hold a seminar on investment and commercial opportunities, and the Ministers of Industry and Commerce and Mines and Energy followed in October and November. This procession of Brazilian cabinet members to Tokyo was completed in March, 1974, by the Minister of Communications. Prime Minister Kakuei Tanaka's trip in September of that year and the visit to Brazil in August 1975 by Deputy Prime Minister Takeo Fukuda centered on economic matters, particularly Japan's role in the \$3.4 billion project

for the development of the rich bauxite deposits of the Rio Trombetas near the mouth of the Amazon.

Silveira's persistent efforts to gain a greater voice for Itamaraty in foreign-policy relevant decisions led to his presentation of a proposal for diversification of Brazilian trade with the Middle East to a meeting of the Economic Development Council in late August devoted to ways of increasing exports and attracting further foreign investment from such countries as Japan and Iran. He does not appear to have played a major role in the subsequent decision to permit foreign concerns to explore for oil under service contracts; Ambassador Roberto Campos' influence on this controversial issue stemmed from his advocacy of such a measure a decade ago as Planning Minister. Indeed, by some accounts, Silveira was one of only 18 two cabinet members to oppose this measure.

The Finance Ministry and Economic Agencies

If the role of the Foreign Ministry in the formulation of foreign policy is less than might be expected, that of the Finance Ministry has been substantially greater, particularly from 1968 through 1973, and friction between these two ministries has become a prominent feature of intra-governmental politics in Brazil.

During the Castelo government the Finance Ministry was in the shadow of Planning Minister Roberto Campos, and Delfim's influence, at least in the foreign policy realm, was not as pronounced during Costa's government as it was to become during that of Médici. Under Hélio Beltrão the Planning Ministry, albeit far diminished in its role from its heyday under Ambassador Campos, enjoyed some residual clout. A substantial part of Delfim's subsequent influence was linked to his colonization of other agencies with his men, a process that was not well under way until 1969 and that flowered only in the Médici years, particularly before the succession question became prominent in 1973. Key figures in Delfim's team included, outside his own ministry with its Assesoria Econômica (containing the bright boys of his personal brain trust), the presidents of the Bank of Brazil and the Central Bank along with the Planning Minister and Minister of Agriculture. Even agencies nominally under the supervision of other ministries, such as the Brazilian Coffee Institute, were subject to his masterful orchestration.



During the Médici years, repeated power and policy struggles between the Foreign and Finance Ministries nearly always ended in favor of Delfim rather than Gibson. The Finance Minister was the dominant influence on loans, terms and sources of foreign lending, investment policy, and export promotion (backed up in the last by the Ministries of Industry and Commerce and Agriculture). In these areas the Foreign Ministry was all but bypassed.

José Maria Vilar de Queiroz, a career Foreign Service Officer "borrowed" from Itamaraty by Roberto Campos, is held responsible for those provisions of Decree Law 200 of February 25, 1967, that accorded the Foreign Ministry only "participation in" rather than coordination of or control over "commercial, economic, financial, technical, and cultural negotiations with foreign countries and entities." Shortly after the Decree Law he became Chief of the International Advisory Office of the Finance Ministry and a key architect of Delfim's successful inroads on Itamaraty's sphere of operations. Indeed, it was Vilar de Queiroz who announced in February, 1972, that Brazil would concentrate on Portugal's African colonies and other white-dominated countries in the southern part of that continent rather than stress ties with the Black African countries. The change of emphasis ran directly counter to the Foreign Minister's plans to improve relations with Black Africa to help garner greater support for Brazil and LDC leadership credibility in international organizations. Deliberately timed to take the bloom off Gibson Barbosa's heralded trip to Africa, it led to

a sharp rejoinder by Itamaraty Secretary General Jorge Cavalho e Silva.

While the President decided that in the short run the Foreign Ministry's Black Africa-oriented approach and the Finance Ministry's stress on the markets of the more developed white-controlled countries were not incompatible, he took both ministers to task for not keeping their subordinates in line and for having allowed the subordinates to air, as though by proxy, policy differences in public (a shortcoming of the preceding Costa administration). Subsequently, many in the military came to resent Delfim's headline grabbing and bickering with Gibson Barbosa. Furthermore, since a goodly number of military men had taken a bath in the stock market in 1970-71 (they had sold apartments and cars to get in on the boom, and were badly burned by the sudden crash), and others were hostile to Delfim's idea that the time was about ripe for a civilian President, the officers were disposed to sour on the highhanded Finance Minister. When, in the latter part of 1973, the oil crisis validated the wisdom of Gibson Barbosa's cultivation of Black African governments such as Nigeria, the Foreign Minister's position improved substantially, albeit too late to be of much comfort to him.

The conflict between the Foreign and Finance Ministries, intensified during the Médici government by the personal antipathy between the two ministers, continues, somewhat muted, down to the present. Although Silveira and Finance Minister Mário H. Simonsen are conscious of this and have made real

efforts to eliminate bickering, or at least keep it out of the public eye, both the conflict and the bickering remain evident. On the countervailing duties issue with the United States in 1974, for example, the Foreign Ministry took the harder line, while the Finance Minister preferred some accommodation. Ultimately, the President resolved the difference, but on terms at least marginally more favorable to Itamaraty than would have been the case in the preceding administration. Given the present institutional arrangements, however, if a stronger personality were to replace Severo Gomes as Minister of Industry and Commerce--particularly someone with a significant degree of political clout (such as Eletrobrás President Antônio Carlos Magalhães), the Foreign Minister might well find himself losing considerable ground to the economics-oriented ministries.

Institutional role in foreign trade. The field of foreign trade, where Itamaraty is but one of many official bodies involved, exemplifies the complexity of the Brazilian institutional structure for policy making. Nearly a score of agencies are directly involved in formulating and executing foreign trade policy. At the top is the National Foreign Trade Council (Con-cex), an inter-ministerial body that shapes and coordinates policy and generally oversees implementation.

The Minister of Industry and Commerce presides, and the Council also includes in its membership the Ministers of Foreign Relations, Finance, Agriculture, and Mines and Energy as well as the presidents of the Central Bank and the Bank of Brazil.



Although it was largely inactive during the Medici administration, chiefly because Delfim Netto was expanding the role of the Finance Ministry, it has been rehabilitated by the Geisel government. Concex appears to be the agency that translates highest level decisions into guidelines for implementation and that transforms presidential objectives into coordinated operational policies. If indeed it was created by Kubitschek in 1960 at Itamaraty's behest, it long ago boomeranged on the Foreign Ministry's desire to use it to gain "the central role in trade promotion."<sup>19/</sup>

If the Foreign Ministry's input into economic policy through the trade arena is not paramount, neither is it insignificant. The Ministry is the negotiating arm for Brazil at GATT, LAFTA, and other such multilateral forums. It also offers strong support in bilateral trade expansion efforts. Itamaraty's forte is to assess the politics of the other side and to suggest strategy and tactics.

The Foreign Trade Office (Cacex) of the Bank of Brazil, a mixed capital enterprise, carries out most of the finance transactions. Its administers the Export Financing Fund (Finex) and its special fund actions involved in this field./ for export stimulation. The Foreign Exchange Director  
/of the Central Bank has monetary responsibilities in this area, as do both the Economic and Commercial Promotion Departments of the Foreign Ministry (the latter sponsors trade fairs, expositions, etc.) The Commission for the Concession of Fiscal Incentives to Special Export Programs (Befiex), itself an offshoot of the Industrial Development Council (CDI), is only one of the foreign trade arms of the Ministry of Industry and

Commerce. Befiex stimulates the sale of manufactured goods abroad while the Brazilian Coffee Institute (IBC) and the Sugar and Alcohol Institute (IAA) deal in their respective commodities, where Brazil's annual sales are well above a billion dollars each. The Minister of Industry and Commerce is the most outspoken defender of private sector interests in foreign as well as domestic economic policy.

The Agriculture Ministry is active in foreign trade in a variety of ways. It has a monopoly on the purchase and sale of wheat, and controls the Brazilian Institute of Forest Development (IBDF) which supervises exports of wood and other forest products, the office of the Coordinator of International Agricultural Affairs (Cingra), and the Executive Commission of the Cocoa Recovery and Production Plan (Ceplac). Until recently, Ceplac was tied to the Finance Ministry. Like Industry and Commerce, the Agriculture Minister has a greater voice in coffee policy under the Geisel administration than previously.

The Finance Ministry retains a direct input into foreign trade policy through the recently refurbished Coordinating Commission for Policy on Foreign Purchases, the Tariff Policy Council, and the International Taxation Study Commission. Moreover, the Finance Minister can call on his International Advisory Staff (Assesoria Internacional) for assistance in foreign trade policy. Indeed, an Export Incentives Commission (Ciex) was established in August 1975 under this office with representation from Cacex, the revenue office, and the Central Bank.

The Ministry of Mines and Energy participates through Petrobrás and its overseas operating arm, Braspetro, while a semi-official trading company, Cobec (Companhia Brasileira de Entrepósitos de Comércio) is coming to play a significant role, particularly in trade with the Socialist countries and some African nations. Its sales in 1975 exceeded \$300 million.

The Coordinating Group for Trade with Socialist Countries of Eastern Europe (COLESTE) was reactivated in July, 1974, after two years of disuse. Presided over by João Paulo do Rio Branco, Chief of the European Department of Itamaraty, it includes the head of the Finance Ministry's International Advisory Staff, a representative of the Coordinating Commission for Policy on Foreign Purchases, a member of the National Security Council Staff, a spokesman for the Rio Doce Valley Company (the government iron ore exporting firm), the head of Cacex, and the Director for Foreign Exchange Operations of the Central Bank. Also sitting in at its meetings may be representatives of Petrobrás, Electrobrás, SUNAMAM, and the Federal Railroad System (RFFSA). Originally established in 1962, its activity has ebbed and flowed with the fluctuating level of Brazilian interest in trade with the Communist countries.

International finance. The National Monetary Council (CMN) is the principal policy-making body in the area of international finance, while the Central Bank is the agency responsible for executing its decisions. Under the chairman-



ship of the Minister of Finance, but with its executive secretariat functioning almost as part of the staff of the Central Bank president, this council inter alia regulates the external value of the cruzeiro and tries to bring some equilibrium to Brazil's balance of payments. Its membership includes the Ministers of Finance, Industry and Commerce, Agriculture, and Interior; the Minister-Chief of the Planning Secretariat; and the heads of the Central Bank, Bank of Brazil, National Economic Development Bank, National Housing Bank, and National Savings Bank; and three private sector representatives (usually leading bankers) appointed by the President.

Under the Geisel administration the National Monetary Council has met regularly, and has discussed and approved all important international financial decisions. Its vice chairmanship has been shifted from the Minister of Industry and Commerce to Reis Velloso, who has far greater experience in this field as well as a broader range of concerns and responsibilities. Then too, because the directors of the several departments of the Central Bank are no longer voting members, there no longer exists the near automatic majority for the Finance Minister that had previously reduced this body to a rubber stamp for Delfim Netto. All of its members are now top level presidential appointees, and should a major dispute arise within the Council, the matter would be taken to the Economic Development Council, where the President would resolve the matter. No such split seems to have occurred yet, nor is this body likely to become deeply divided so long as the Finance

Minister and Minister-Chief of the Planning Secretariat remain able to reach an accommodation on matters within its purview.

On matters of international borrowing and investment there is very close cooperation between the Finance Minister and the President of the Central Bank (formerly its Director of Foreign Exchange Operations). Indeed, Paulo Lira's broader policy involvement compared to his predecessors, based largely on the respect he earned from others, demonstrates how the influence of the position may change with its incumbent. Lira is a presidential advisor in his own right as well as a trustworthy subordinate of Simonsen. The Finance Minister is Brazil's Governor to the IMF and other multilateral lending institutions; Lira is his alternate, and the present Minister has benefitted from the experience that Lira gained in this field under Delfim Netto. The Central Bank has basic responsibility for day-to-day activities in the foreign exchange market and the longer-range structure of Brazil's foreign debt, a task it has carried out with skill and increasing sophistication.

The Central Bank consults increasingly with the private banking community concerning the flow of foreign capital into Brazil. The consultation is essentially one-sided and gives the bankers more of a sense of participation than an effective voice (the purpose is rather to co-opt them rather than to allow them to influence policy decisions).

Energy and transport. Given its supervisory authority over both Petrobrás and Nuclebrás, the Ministry of Mines and Energy is also a substantial factor in the foreign policy field.

Attention has already been paid to Itamaraty's exclusion from decisions in the nuclear field, and with government expenditures on nuclear programs estimated at a minimum of US \$11 billion by 1990, the influence of the Ministry of Mines and Energy will probably continue to grow. Indeed, plans for a seven-fold increase in installed nuclear generating capacity during the 1990's (to 81 million kilowatts and 63 plants) at a total investment of at least US \$35 billion indicate that the role of the Minister of Mines and Energy will

probably not diminish even should the present energy crisis subside.<sup>20/</sup>

The fact that the Brazilian nuclear program hopes to obtain foreign technology and transfer knowhow into national hands to achieve relative nuclear independence during the 1980's accentuates the Minister's probable influence. It is possible that some of Brazil's most important diplomatic negotiations in future years may center on the question of enrichment of nuclear fuel. Moreover, Brazil will be drawn much closer toward whichever industrialized country becomes her major partner in this sphere--West Germany now seems all but certain to retain this role.

The present Minister of Mines and Energy was a close associate of Ernesto Geisel during their years with Petrobrás (1969-1973), and the President seems to value his opinion on a fairly wide range of matters. The fact that petroleum needs are one of the basic determinants of Brazilian foreign policy



buttresses his influence. Brazil's petroleum consumption doubled from 1967 to 1974, while domestic production of crude oil rose less than one-third. Thus the gap, less than 60 million barrels in 1968, had risen to more than 260 million barrels by 1973, and caused a major drain on foreign exchange earnings even before world prices began to skyrocket.

The foreign policy importance of Petrobrás and its parent ministry can be seen if one remembers that in 1974 Brazil spent US\$ 3 billion, nearly 40 percent of its total export earnings, on petroleum imports, a figure matched in 1975. With domestic production of crude remaining below 70 million barrels and the consumption curve still rising sharply, plans for Petrobrás to spend more than US\$ 2 billion during the next three years to import equipment with which to exploit the newly discovered offshore fields will make oil an even more important factor in Brazil's foreign trade.<sup>21/</sup> And even with the October 9, 1975 decision to permit service contracts for exploration by foreign companies on a "risk" basis, Petrobrás will spend an even larger sum on further exploration. As Silveira opposed these contracts, here is another situation in which the Foreign Ministry has little to say in decisions that profoundly affect Brazil's international posture, position, and policy. Instead, Petrobras, headed by a retired general, and the Minister of Mines and Energy (a former director of financial and commercial operations for Petrobrás) are the key actors. Ueki, not Silveira, sat in on the key Economic Development Council meetings, and the voices of the Finance Minister and Minister/Chief of Planning Secretariat on the balance of payments crunch were decisive. The Foreign Ministry in the petroleum field provides political insight and negotiating skill (essentially

(essentially an implementary function), to complement the technical competence of the oil experts.

The Minister of Mines and Energy also has under his sway the Vale do Rio Doce Company, a major exporter of iron ore (The Rio Doce has as its international arms two shipping companies and joint industrial enterprises with Japan and Italy); Itaipu Binacional, a concern set up with Paraguay to develop that massive hydroelectric project (with former Mines and Energy Minister José Costa Cavalcanti as its director general); and Electrobrás, counterpart in the electric energy field of Petrobrás and Nuclebrás.

The Transport Ministry, although far less significant than the Ministries of Finance or Mines and Energy, has occasional influence on foreign policy. During the Costa e Silva government, the military officer who was Transport Minister enjoyed a close personal relationship with the President and managed to gain a major voice in any foreign policy matters related to shipping. The same man remained as Minister in the Médici administration, but lack of such personal rapport with the new Chief Executive cost him most of his say on foreign policy concerns. The present incumbent, a four-star general some five years junior to the President, has jurisdiction over the Lloyd Brasileiro Shipping Company, and over the National Merchant Marine Superintendency (SUNAMAM), which has representatives in New York and Hamburg as well as all major Brazilian ports. The role and power of the Transport Minister will be of even greater significance in the future because

Brazil is constructing 765 new merchant ships with a total displacement of 5.3 to 6.0 million tons during the 1975-1979 period (and completing 1.3 million tons under contract from a previous plan.<sup>22/</sup> Construction was completed on 317,000 tons in 1974; 467,000 tons in 1975; and a projected 1.5 million tons in 1976.

#### The Business Community

While commercial, industrial, and financial interests in Brazil essentially support the government's foreign policy, their role in shaping that policy is small. Indeed, Brazil's pattern of State-entrepreneurial relations is fundamentally neo-Bismarckian; the government is determined that the private sector pull its weight in the drive to industrialize. The partnership, which might be substantially different in a politically competitive situation, is fundamentally asymmetrical, and the government can exercise significantly greater leverage over commerce and industry than these groups exercise over the government. The public sector técnicos may function as a mediating link but in the final analysis are most responsive to the military allies on whom their tenure in office ultimately depends.

The relationship between the State and the entrepreneurial strata in Brazil recalls the basically corporatist structure of Getúlio Vargas' Estado Novo (New State) from 1937 through 1945. Such organizations as the National Confederation of Industry (CNI) and National Confederation of Commerce (CNC) were established by Vargas more as collaborative organs of the State than autonomous interest organizations of the private sector. Even as they functioned during the experiment with a



pluralist democratic system after 1946 they could best be described as "semiofficial, financially secure, sponsored organizations with indirect membership and guaranteed access" to government decision makers.<sup>23/</sup> Since 1964 they have become increasingly corporatist vehicles that function more for co-optation by the regime than representation to it. There is, however, some responsiveness (both real and seeming) by government agencies to business groups, and the responsiveness is an important factor in this relationship, since even cooptation is a two-way street (albeit tilted in the government's favor).

A variety of groups that represent private sector economic interests has long been included on advisory and consultative bodies, including those dealing with foreign trade, and to a lesser extent, investment policy. During the decade prior to 1964, these entities--the National Confederation of Industry, the National Confederation of Commerce, and the Commercial Associations, in particular--exerted some limited influence over policy. Even for that period Fontaine concluded that "it has been the Itamaraty which has been largely responsible for the contacts that have been maintained between itself and the groups... Although policy has probably been pretty well formulated by the Foreign Ministry before the contact with the nation's business leaders, the conferences do add a legitimacy to the Ministry's decisions."<sup>24/</sup>

After 1964, these organizations became essentially symbolic, and their participation in significant decisions more ornamental than otherwise. As other agencies became more prominent in economic foreign policy making, contact with the business-entrepreneurial community shifted toward the technocrats of the Planning Ministry; Castelo's Ministers of Finance and Industry and Commerce played a secondary role in this respect.

An important aspect of the transition from the Castelo to the Costa e Silva governments was an increased indirect voice given to the São Paulo business community. The São Paulo voice appears to have increased during the Médici administration as Delfim Netto consolidated his influence. (In 1974 Paulo Egydio Martins, Castelo's last Minister of Industry and Commerce, was chosen by the Geisel government to be Governor of São Paulo despite Delfim's claim to that office. What Martins' role will be as a link between the business interests and the federal executive remains to be seen.) Even the fact that Delfim maintained close ties with the São Paulo industrialists and bankers had more to do with his desire to coopt them than to be of any real service to them. The role of business interests in foreign policy making is often ad hoc, not institutionalized, and chiefly unofficial to informal. Delfim's staffs in Rio de Janeiro and São Paulo, his continued close ties with the Federation of Industries of the State of São Paulo (FIESP) and the Commercial Association, and his Saturday morning breakfasts with economic journalists were part of this pattern.

As a channel for feedback from the business community, Delfim performed a role that might partially be likened to the function of congressional committees in a more representative system. He conveyed the government's concern for economic development to commercial and banking groups and was accessible, nay, attentive, to the international business community. This last was a significant foreign policy function and one that his successor has continued to perform. Many business leaders also seek to utilize personal relationships with Civil Household Chief Golbery, relations that carry over from his employment from 1961 to 1964 and 1967 through 1973 as head of Dow Chemical's Brazilian subsidiary with offices in Rio de Janeiro and São Paulo.

The Federation of Industries of the State of São Paulo (FIESP) seems to have pushed Itamaraty to establish a commercial service within the foreign service to promote exports. It participated in the commercial service training programs and provided orientation tours for Foreign Ministry personnel. Brazilian industrial syndicates are represented in LAFTA's sectoral groups, which meet every six weeks or so to coordinate industrial policies; such frequent contacts not only build a transnational linkage, but also provide feedback into Brazilian policymaking through other channels. Thus business elements concerned with exports have a greater say on foreign policy matters than other economic groups. Indeed businessmen are included on almost all commodity negotiating talks, and trade organizations are consulted on specific matters in their area



of concern (for example, the Cattle Breeder's Association has a voice on what types of cattle are to be imported).

The government can bring the business community behind its foreign policy much more than business can influence foreign policy. Thus, by late 1974 the government decided to take a more active role in export promotion, and greatly amplified the range of products with which Cobec (Companhia Brasileira de Entrepósitos de Comércio) would be involved. The Association of Brazilian Exporters responded by asking greater support of private trading companies, but little other than reassurances of the administration's high regard for the private sector has been forthcoming. As a leading exporter said, Brazilian products now need to be sold rather than bought, and the government has come to realize that export stimuli to producers did not always lead to effective and energetic sales efforts. Because imports far exceeded exports during 1974 and 1975 the government has a very direct interest in promoting sales of Brazilian goods. Indeed, the idea of a Foreign Trade Bank, rejected in 1971, is once again under active consideration. Meanwhile, the Central Bank will have several billion dollars at its disposal in 1976 for stimulating exports.

A pattern of fairly close cooperation between business and government seems facilitated by the prolonged economic boom and rooted in a shared interest in continued growth. In the foreign policy sphere the cooperation rests on mutual agreement on the importance of export expansion. Thus on an issue such as countervailing duties the vigorous governmental defense of Brazilian shoe exports may be interpreted by some

observers as response to pressures from the affected industry, and there is little doubt that the shoe producers were deeply concerned. Yet this action by the United States was perceived by Brazilian officials as a threat to the export growth on which their development plan, a major factor legitimatizing the regime, depended. Perhaps their vigorous protest stemmed from this consideration independent of the shoe manufacturers' attitude.

Industrial and commercial elements in Brazil realize they are better off with the present military-technocratic regime than with the regime in power before March, 1964. Domestic policies are more crucial to them than foreign policy, and thus largely determine their attitude toward the administration. They would, of course, prefer policies even more favorable to their interests, but are generally wary of jeopardizing a system that is basically congenial--even beneficial--to their interests. Within the government they favor those influential figures most sympathetic to them. Severo Gomes, Minister of Industry and Commerce, is such an individual, but Simonsen has a say on a substantially broader range of policies, so they take relatively more comfort in his view that a "constant, frank, honest, and open dialogue" between the government and business is highly desirable. As long as they are consulted on matters that affect their interests, these entrepreneurial groups are likely to support the government's basic foreign policy. At the same time they use the press, over which they have substantial influence through advertising and a certain

degree of credit control, to signal their dissatisfaction with specific policies and to specify further wants.<sup>25/</sup>

Congress and the Parties

The role of the Brazilian Congress in foreign policy has been very limited since 1964, although there was some personal input by members of the Foreign Relations Committees, notably Raimundo Padilha before he became governor of Rio de Janeiro State in late 1970. The President and his closest advisors realize that the absence of super-ministers in the government has created a need for alternate feedback channels; they feel the national legislature can fill this role. Combined with the partial decompression of the regime and the hearing now accorded the official opposition, the MDB, a limited potential for congressional "consultation" on certain foreign policy matters exists, chiefly when the regime seeks to mobilize support for its positions.

Because President José de Magalhães Pinto was Foreign Minister during the Costa e Silva government, he may attempt to influence policy in this area. But any such impact is fated to be intermittent at best, and this former Minas Gerais Governor and one-time presidential hopeful will probably devote his energies to domestic politics and policy. In his efforts to enhance the position of Congress, he is likely, however, to strive for the appearance of a significant participation by the Senate through its confirmation and ratification powers. In this, as in related spheres, the main thrust of decompression seems to be toward raising the prestige of



Congress, rather than giving it any real say over major policy decisions.

One area in which the Chamber of Deputies may once again have an occasional impact on foreign policy, as it did prior to 1964, is through congressional investigatory committees (CPI's). A highly publicized CPI is now studying activities of multinational corporations in Brazil. A CPI must be set up if one-third of the Chamber requests it, so the MDB is able to require such investigations. The majority of committee members do come, however, from the government party, and only three CPI's can be functioning at the same time, which gives the leadership of Congress obvious control. While some observers have speculated that this particular CPI might bring businessmen disenchanted with government policies into closer alignment with the Congress, most realize that the long list of CPI's in the 1957-64 period (also highly publicized) had little impact on policy, even when congressional powers were much more substantial than at present. Moreover, a CPI on multinational corporations functioned in 1968 before it was put out of business by Institutional Act No. 5, the same Act that closed down the Congress.

The political parties are not significant factors in foreign policy making. In terms of influence, the range of variation for the political parties falls only between non-existent to marginal. Even before 1964 foreign policy was more an executive than a party concern, and the foreign policy positions of the several parties have lacked coherence. At no time

since their creation in 1966 have either the government party, Arena, or the tolerated opposition, the MDB, been effective vehicles for any of the ten aspects of formulation and execution of foreign policy previously enumerated. Acting through Congress, Arena has supported government policy across the board, while MDB attacks on government policy during 1974 election campaign concentrated chiefly on domestic issues. A substantial opening of the political process would perhaps introduce marginally complicating factors and serve to broaden debate over policy. Yet this wider discussion of alternative goals, orientations, and programs in the international arena would not significantly alter the policymaking mechanisms--

except to the degree that in certain near impasse situations the contending institutional actors on the executive side might seek additional support from the politicos to bring to bear on the ultimate decision-maker, the President.

#### Press and Academics

The role of the press in foreign policy has been, at least until very recently, quite indirect. A sort of double game was at work: the Brazilian press was most helpful to foreign news agencies and reporters and could communicate to them views and information that it might not print openly in Brazil. Thus, the foreign press could say openly what some Brazilian themselves would like to say. And, once a certain image of Brazil had been projected abroad (e.g., printed elsewhere), then the Brazilian press could safely pick it up and reprint it: ostensibly, the words and views were not its own. Indeed, given the nature of press censorship from the end of

1968 until early 1975, this was perhaps the only effective way the media could influence foreign policy, although a few individuals in this field had some small say based on personal ties rather than institutional attachments.

While there is a substantial congruence between Brazilian foreign policy and the international views of the Jornal do Brasil, this does not mean that the JB influences policy to a substantial degree; the JB rather serves as a vehicle to mobilize support for the government's international stance and actions. Some independent analysis, at times critical, can be found in the pages of O Estado de S. Paulo, the São Paulo daily with a circulation of 200,000 compared to 80,000 for the Jornal do Brasil. Larger circulation mass newspapers do not receive serious attention from the foreign policy elites. A mirroring of official policy reminiscent of the JB appears in the mass circulation weekly magazines, particularly Manchete, whose political and international commentator is closely attuned to the regime's policies and periodically turns out best selling books that stress Brazil's progress and greatness under such titles as "The Brazilian Miracle," "The Brazilian Challenge," and "The Brazilian Model." <sup>26/</sup> Manchete, a quality pictorial weekly, has a circulation of 190,000 compared to 120,000 for the news-weekly Veja and 240,000 for Realidade, its monthly running mate. The same publishing house that puts out these last two magazines also publishes Comércio Exterior ("Foreign Commerce"), while Tendência ("Trends"), a magazine directed to the businessmen and managers (roughly a hybrid of Business Week and Fortune), is a product of the same publishing firm as Manchete.



From the outside, the foreign press sets certain parameters to the extent that it influences the international climate within which Brazil must operate. Foreign input into the Brazilian mass media, although significantly reduced during the past decade, is still substantial. The foreign press impact on policy makers does not appear, however, to be marked, and general public opinion in any event is not a major factor in foreign policy.

Although Brazilian foreign policy is not subject to the influence of research "think tanks" or other systematic academic inputs as in this country, each administration has had a few professors with good connections to Itamaraty or the Higher War College who have had some limited impact on the views of certain policy makers. The general lack of academic influence on foreign policy does not stem simply from the authoritarian nature of the system since 1964. Even Fontaine, after detailing the foreign policy views of a variety of Brazilian intellectuals and prominent schools of thought of the Kubitschek-Quadros-Goulart period, concludes that "there are many factors hindering the effectiveness of Brazilian intellectuals in influencing foreign policy. They simply have not concerned themselves with foreign policy long enough to be taken seriously by the actual foreign policy makers."<sup>27/</sup>

Although several universities, including the University of Brasília, have finally established courses in international politics, the subject is only studied by a small number of social science majors, and does not seem to involve any

significant proportion of the total student body. While there has been an enormous outpouring of translations of U.S. and European public administration texts as well as a real beginning of a Brazilian literature in this field, a parallel trend has not yet begun with regard to international relations. Journals such as the Revista da Política Internacional are read only by foreign policy professionals and a handful of international lawyers and professors; these journals emphasize speeches, documents, treaties, etc., rather than policy oriented articles.

#### The Church and Labor

Since 1964 the Church has had little influence on Brazilian foreign policy. What influence it has had, has generally been through playback from abroad rather than direct, and the government has tried chiefly to limit damage rather than respond positively. Indeed, the Church's lack of significant impact on Brazil's international policy exemplifies the difference between the ability to gain some degree of attention and really being listened to. The Church has been as an occasional source of problems affecting international relations, and even this has been reduced by the rather substantial rapprochement between the Catholic Church hierarchy and the government that Golbery engineered as an important element of the partial "decompression" of the political situation that the Geisel administration seeks.

The labor movement has even less influence on foreign policy than the Church, although to a limited degree U.S. and international labor leaders may play some role in conditioning attitudes of other countries toward Brazil. And, whereas the

Brazilian Church (the largest in the world) is of very great importance to the Vatican, and several of its representatives occupy high-level positions within the international hierarchy, the Brazilian labor movement has no significant voice within international labor circles. (Indeed, it is not a leading factor even within Hemisphere labor organizations.) So long as organized labor in Brazil has little success in affecting domestic policies of immediate concern to it--and only now, some twelve years after the 1964 revolution, is it able to reduce the proportion of unions under government intervention--it will not be a factor of any real weight in foreign policy considerations.

#### Ethnic Groups and Foreign Policy

Intellectuals, press, Church, and labor, are more conditioning factors than central actors and are peripheral to most decision-making. There are other groups either too peripheral or too narrow in their interests even to be considered as actors. Thus, for example, the significant Jewish presence in the communications field (as well as certain other businesses) has not had a noticeable affect on Mid-East policy. While it might be argued that their presence was cancelled out by that of the sizeable Lebanese community, in reality neither group made a concerted effort to influence policy on this issue, for each understood that petroleum was the key factor. Indeed, despite the Middle East crisis, relations between the 160,000 Brazilian Jews and the estimated two million nationals of Arab descent are quite good, and are aided by the fact that only



about 80,000 of the latter are Moslems while the most influential elements of this community are of Lebanese origin (Jordanians, Egyptians, and Syrians are far less significant). Economic cooperation between Brazilian Jewish and Arab entrepreneurs is quite common. Moreover, in spite of the relatively small number of Jews in the armed forces, three such Army officers have attained four-star rank in recent years (Isaac Nahon, Idálio Sardenberg, and Waldemar Levy Cardoso).<sup>28/</sup>

The other ethnic groups with possible foreign relevance--in addition to the U.S. community, employed chiefly by multinational firms--are the Portuguese and Japanese. The former are deeply divided between supporters and critics of the present Lisbon regime. Indeed, both the Prime Minister of the pre-coup government and General Spínola, leader of the center-right elements within the original "revolutionary" military movement who subsequently split with the left-leaning administration, came to live in Brazil. The Portuguese community in Brazil also includes many who emigrated earlier to escape the Salazar regime. Their presence in Brazil contributes to a generalized and often vague concept of "special ties" to the former mother of Portuguese Africa. A shift from close alignment with Portugal toward support of independence for its African territories began before the end of 1971 and was motivated by governmental perception that such a shift would benefit Brazil economically and politically in Angola, Mozambique, and Guinea-Bissau once they became independent. Also, it would improve Brazil's standing with the LDCs of the Afro-Asian world.

Similarly, the 700,000 Brazilians of Japanese descent, who constitute a significant economic-political community in São Paulo, have little impact on Brazilian foreign policy. What has mattered in Brazilian relations with Japan is that Japan is a major source of investment capital, advanced technology and a market for Brazilian iron ore. Indeed, trade with other countries seems to take precedence over mere immigration for other ethnic blocs in Brazilian society as well. Unlike the late 1930's--when German and Italian immigrant groups retained a strong sense of identification with the mother country and helped account for Brazil's ambiguity toward the European conflict--such groups now have limited policy relevance. Mass immigrations such as those of the 1870's through 1930's are a thing of the past, and communities of non-Brazilian origin have been largely absorbed in a society that has often functioned as a melting pot to a greater degree than the United States.

#### Transnational Forces

External factors still set important restraints on Brazil's policy choices, albeit significantly less so than a generation--or even a decade ago. Significant cosmopolitan linkages (including multinational corporations and even U.S. governmental representatives), can affect the policy-making process, but transnational forces are not key to basic policy decisions. Indeed, compared to other Latin American countries there is relatively little sensitivity to these factors. Then, too, some of these linkage factors are sometimes countervailing. For example, foreign investments in Brazil are not predominantly

from a single country, but rather from sources that are to some degree competitive. The U.S. leads the way with investments valued at more than US\$ 1.8 billion at the end of 1974 (out of a total of just over \$6 billion), but West German investment had been rising much more rapidly in recent years to nearly \$600 million (bilateral trade reached \$2.3 billion) and will expand sharply through the nuclear agreements. Japanese investment had shot up to nearly \$500 million with additional multiples of this sum (between \$1 and \$2 billion in the bauxite field alone) already in the pipeline, while Swiss investment is not far behind and Britain and Canada each near \$400 million. Indeed, Japanese investment by the end of 1975 is reported to have reached \$1 billion.<sup>29/</sup> While U.S. holdings in Brazil more than doubled from 1969 to 1974, Japanese investments rose nearly eight fold. Swiss holdings quadrupled, those of the German Federal Republic and the United Kingdom multiplied by roughly 330 per cent, and-- at a much lower level--French investment spurted from \$34 million to \$207 million. Since total West European investments already exceed those from the United States and are growing at a faster rate (not to mention Japanese possibilities), the external center for decisions that vitally affect Brazil is not necessarily Washington, and the U.S. Chamber of Commerce in Brazil does not even easily gain the ear of national decision-makers, much less dictate policy. The hearings accorded foreign investors may at times result in reinforcing pressures, but the influences generated are effective to the degree that they correspond to the interests of significant internal actors.



Brazilian agencies in the international policy field tend to respond to specific external linkage pressures in terms of the nature of the personal relationships established between the key Brazilian officials and the foreign actors involved; personal style and rapport are crucial factors. With few exceptions, pride in a special relationship with the United States is essentially a residual factor, and one that often involves significant ambivalence. Individual sensitivities are important; some elements on the Brazilian side--as is often the case elsewhere--may have an exaggerated view of their importance. Others attempt to use foreign negotiations in their own inter-agency power struggles. None of this is exclusively Brazilian, but often Brazilian negotiators are specially adept at the personal and political sidegames of the bargaining process.

### III. OVERVIEW OF FOREIGN AFFAIRS COMMUNITY

The array of institutional actors and their roles in foreign policy making already described provide a backdrop against which basic general features of Brazil's foreign policy elites and structures stand out, including :

- institutional characteristics of the foreign affairs community; and
- arenas of operation and application of foreign policy instruments and techniques.

#### Institutional Characteristics

The Brazilian foreign affairs community remains relatively small despite rapid expansion since the early 1960's. Chiefly concentrated in the executive branch of the government, it is largely restricted to relatively high-level officials. Within the Armed Forces in particular it does not extend far beyond the Service Ministers' cabinets and the general staffs, except for those officers assigned to intelligence services--and even there most are chiefly concerned with internal security.

While small compared to the overall size of the policy-relevant groups in Brazil and even the federal bureaucracy, the foreign policy community is sufficiently large to have become fairly specialized. In addition to the Foreign Ministry with its broad range of responsibilities in the international sphere, those components of other ministries and agencies directly involved with foreign policy tend to be quite differentiated (e.g., the Finance Minister's International Advisory Staff or Braspetro and Nuclebrás under Mines and Energy).

All elements of the foreign affairs community are essentially elitist, notwithstanding the middle class origins (in many cases all but forgotten) of many of the military and a fairly large proportion of the economic technocrats. The Foreign Service has traditionally been an upper and upper-middle class career, and the other foreign policy elites share higher education as a minimum entrance qualification. Even before 1964 there were few significant foreign affairs conscious groups below upper social levels, and this has become more pronounced under the essentially authoritarian system in effect since that time.

Brazil's foreign affairs community has remained highly adaptive and relatively unified. Important foreign policy shifts have occurred several times since 1930: the present generation saw a shift away from close cooperation with the United States after Vargas' return to power in 1951, a reapproximation with the United States after his death in 1954, a venture with an "independent" foreign policy stance in the early 1960's that shaded to near open hostility toward the United States, and the sharp reversal of this trend when the military came to power in April, 1964. Yet through this period, substantial consensus was maintained and fundamental agreement on foreign policy objectives was rarely shaken by divisive debates. Throughout, foreign policy influential opinion has tended to accept modifications imposed by evolving world events and changes in Brazil's international priorities that stem from internal development. Indeed, through time, a consistent thread seems to link the shifts enumerated above. Pursuit of Brazil's national interests



within the limitations imposed by the international and internal problems of the moment is discernible back in the 1930's, apparent in the 1950's, and obvious in the 1970's.

The major components of the foreign affairs community tend to be quite new--and hence still recent actors in the policy arena--with the exception of the Foreign Ministry. Even Itamaraty has undergone a fundamental recharging; over the years emphasis has shifted from diplomatic representation toward economic and technical negotiations. Except in a very primitive sense the other basic components of the foreign policy-making process--presidential staff agencies, the SNI, the Armed Forces General Staff, Petrobrás, Nuclebrás, etc.--date from the 1950's or later; some are only a few years old. In many cases their foreign policy role is even newer. Thus, Petrobrás was set up in 1953, but did not take on any significant international policy responsibilities until the late 1960's, while EMFA was not foreign policy relevant until after 1964.

The autonomy of the foreign affairs community as a whole is substantial, largely because public opinion counts for so little in foreign policy making. Brazil's international policy organs are not prisoners of historical memories or related myths that might dictate policy emphases inappropriate to the present situation. National Security Doctrine remains flexible and subject to continuous revision, hence it does not become a strait jacket on policy that some ideologies do. The "Itamaraty ethos" is itself subject to modification because the Foreign Ministry must operate in conjunction with (and often

subordinate to) other governmental components that have greater authority to set fundamental orientations and priorities.

Despite all these considerations, the Brazilian foreign affairs community is not monolithic in attitudes and outlook. There is a substantial diversity of interests represented within it, but divisions exist on second rank issues and on implementation of policy, particularly in the complex and uncertain economic sphere. Shared concepts of the world in which Brazil exists as well as shared ideas about the basic nature of Brazil's place within it and fundamental interests do not prevent many crosscurrents from working within these elites on specific policies and at times even on the ordering of priorities, if not goals themselves.

#### Arenas of Operation

Influencing decisions. Strategic decisions<sup>1/</sup>--"irrevocable" policy actions that intensely affect a relatively large number of environmental components and tend to affect decision-makers and decisional institutions for a substantial period of time--characteristically involve the President himself and his closest advisors as well as other senior spokesmen of the Armed Forces (perhaps through consultation). Prior to the Geisel administration, such consultation almost certainly would have included formal consideration by the National Security Council, but at present the Economic Development Council and perhaps the Armed Forces High Command would be the top-level bodies involved in a decision, while a cabinet meeting would subsequently inform

other ministers.

Tactical decisions--of lesser scope and duration of impact, either preceding or deriving from a strategic decision--also involve the President, particularly those rooted in fairly recent strategic decisions. Establishment of diplomatic relations with the Peoples Republic of China and the decision to attain nuclear independence exemplify strategic decisions preceded by tactical decisions that pointed the way. In the first of these cases giving of official status to the commercial mission to Peking was the key tactical decision; in the latter, the creation of Nuclebrás had similar import.

On tactical decisions, conflict and competition between major components of the foreign affairs community are prevalent, particularly since a policy line implicit in one strategic decision may not be totally compatible with that implicit in another. This lack of compatibility, as well as role expansion versus preservation of established spheres of responsibility, has been at the root of such Itamaraty-Finance Ministry conflicts as that over policy toward Africa during the Médici government.

While there is still significant scope for inter-agency disagreements and even conflict over implementary decisions, the continuous flow of day-to-day foreign policy choices that execute strategic and tactical decisions, still the roles of the various policy actors are becoming increasingly clear. Jurisdictional disputes are not allowed to get out of hand as they once were and coordination mechanisms have been strengthened. The major source of controversy may lie at the place where one



implementing policy impinges on another, and such conflict is likely to occur wherever a complex set of policies directed at multiple national objectives is pursued through a variety of foreign policy instrumentalities. Further complications arise from the "blurring of the traditional distinctions between national and international policy" recently remarked by Brazil's Vice Chief of the Armed Forces General Staff.<sup>2/</sup> For in the view of Brazil's foreign policy elites, most of whom--both military and civilian--have passed through the Higher War College, national security is in the final analysis dependent on development (just as it is also a crucial precondition for development). In terms of foreign policy considerations, "Security is obtained through a combination of measures taken to guarantee the execution of national policy and to oppose adverse factors."<sup>3/</sup>

With regard to influence on decisions, one should also bear in mind that some components of the foreign affairs decision-making community, such as most of the presidential staff agencies (among the more influential), and the Congress and parties (much less significant), are not operational entities, or at least do not operate abroad. Others--most notably the Foreign Ministry, but also the military establishment, the Bank of Brazil, Petrobrás and the SNI do have agencies, branches, representatives, or agents outside Brazil's borders. This leads to a difference of outlook and impact since some of the participants in policy making will have a direct role in carrying it out beyond Brazil's borders, while

others in the decision-making process will not be called on to implement policy directly through activities in foreign countries.

Inter-institutional and even personal bargaining among foreign policy actors remains important in the evolution of Brazilian foreign policy. This is possible largely because of the autonomy of the foreign affairs community that results from the relatively weak influence of public opinion, historical memories and national myths, as well as the limited influence of the media and intellectuals, the parties and Congress, the Church and labor movement--exactly those institutions that might be expected to stimulate and keep alive public opinion, memories and myths.

Functional/regional concentration. The presidency is not only involved in all major decisions across the board, but also has a heavy responsibility on the ceremonial side of foreign affairs, a side that includes: state visits (increasingly frequent as Brazil continues its greater international activity and upward mobility); border meetings with neighboring heads of state; and personal conferences with Brazil's diplomatic representatives to certain foreign countries and key international bodies.<sup>4/</sup> It seems safe to assume that the President also pays personal attention to whatever covert activity Brazil may engage in regarding its neighboring countries, especially Bolivia, Uruguay, and Argentina (and possibly Paraguay, Peru, Chile, and Guyana). The chief of the SNI reports to him at least once a day, and as the military head of the March 31,

1964, movement as well as Commander-in-Chief of the Armed Forces, the Brazilian President is not likely to let the military's dealings abroad slip from his own purview.

The Armed Forces' specific sphere of foreign policy responsibility--in addition to any covert intelligence activities they may undertake--includes the normal representational and reporting activities of military attaches, negotiation of arms purchases from Western industrialized powers and limited sales to Brazil's smaller neighbors, and exchanges of personnel for training purposes. Similarly, the Finance Ministry and other economic agencies are central to Brazil's complex and varied international financial and commercial transactions. This in itself is no small matter for a fast developing country whose foreign trade has exceeded US\$ 20 billion in each of the past two years and whose foreign indebtedness more than matches that figure.

The Brazilian Foreign Ministry performs a particularly important role in the conduct of bilateral relations where the basic directions have been established and the general tone is not subject to abrupt changes. This is the case with respect to most of Latin America<sup>5/</sup> and many European countries, but less so in Africa and Asia. Itamaraty's professional diplomats bring to the day-to-day conduct of affairs considerable expertise, useful language skills, and, in many instances, effective personal relations with the policy makers of other countries. These strengths carry over to the traditional multilateral intergovernmental organizations such as the UN and OAS, where the high quality of Brazilian diplomatic representation



is generally recognized.

The Foreign Ministry is less central to multilateral affairs of a primarily economic nature, and less central to major bilateral negotiations on trade and finance with the industrial powers. Brazil's professional diplomats are also likely to be upstaged by ranking technocrats on issues that have significant technical components such as energy questions, or where Brazil needs to deal with countries where Itamaraty's familiarity with cultural idiosyncrasies and political nuances is limited, as may be the case in the Middle East and much of Africa. Highly specialized matters that require scientific expertise such as nuclear energy also tend to slip out of the Foreign Ministry's hands (although Ambassador Paulo Nogueira Batista's presence as head of Nuclebrás helps cushion the impact of this tendency).

The Foreign Ministry is the one major agency concerned exclusively and continuously with foreign affairs, and it strives to maximize Brazil's policy capabilities on multiple fronts. Its long and generally fruitful experience with political ends and means, together with its increasing familiarity with basic economic factors, give it a flexible and effective policy mix.

If Brazil's interests in the rest of Latin America may be more political and strategic than economic, its instruments for advancing those interests are often economic. Bilateral trade and aid is not Brazil's primary concern in the cases of Bolivia, Paraguay, and Uruguay, but given their very

small economies, limited foreign commerce, and relatively unfavorable international financial standing, economic considerations loom much larger on their side of the table. Thus, while a credit of US\$ 50 million extended to Uruguay has little intrinsic importance to Brazil, the credit may be sufficiently crucial for that small and troubled republic to incline it heavily toward Brazil in the diplomatic tug of war that has long existed between Brazil and Argentina.<sup>6/</sup> The joint construction of the vast Itaipu hydroelectric complex will tie Paraguay much closer to Brazil, since the latter's purchase of most of the former's share of the electricity generated may well become the major source of the Asunción government's revenues.<sup>7/</sup>

Bolivia presents a somewhat different balance of opportunities and costs, since Brazil is not there directly involved in a contest with Argentina for influence as in Uruguay and Paraguay. In these latter countries Brazilian strategists seem to want to preserve some aspects of the historical buffer function while inclining those countries toward Brazil through economic ties. With respect to Bolivia, where Brazilian influence is paramount, Brazilian policy makers may not, at this time at least, wish to open themselves to economic demands from La Paz disproportionate to the tangible benefits that might accrue to Brazil. It could be disadvantageous to Brazil as well as to the Banzer government for the latter to be perceived, either at home or abroad, as a Brazilian client. Since Brazil sees Bolivia as a window into the Andean Pact, close

relations between the two countries should be built on a solid foundation that successor regimes are likely to accept and preserve; it is not in Brazil's interest to encourage excessively tight ties to the present Bolivian government (which faces a multiplicity of internal problems that seeming dependence on Brazil will not help). In the meanwhile, cooperation between the Brazilian and Bolivian military is being fostered through training, exchange of visits, and arms transfers (up to the level of jet fighter/trainers and armored personnel carriers).

If, in Latin America, Brazil uses largely economic means to further political ends, a case can be made that Brazil uses political means to further economic interests vis-a-vis the United States and Western Europe.<sup>8/</sup> The critical nature of dealings with the industrial powers and the massive scale of the stakes involved not only cause the entire Brazilian foreign affairs community to be interested in such issues, but also help them to arrive at some greater degree of consensus than they otherwise might.

As mentioned earlier, Brazil's interests in the Middle East are essentially economic--the imperative need for oil--but negotiations involve a significant political dimension, since the chief objective of the Arab governments is to oblige Brazil to favor the Arab position in multilateral forums. Brazil's vote at the UN on the question of Israel is more highly prized than its stance at meetings that wrestle with the shape of the international economic system. Thus, Brazil was one of only four Latin American countries to vote for the Arab resolution in the UN General Assembly on October 17, 1975, condemning Zionism as racist.



As regards Brazil's African policy, varied political and diplomatic means are employed to promote economic goals that are largely outside of that continent itself. African support is important to Brazil in international economic and financial agencies and conferences. Since the beginning of the world energy crisis, friendly African nations have also been valued as intermediaries with their Arab allies to soften the adverse impact of petroleum politics on Brazil.

#### Showing the Flag

Outside Brazil and apart from flying visits by top policy makers, the most visible Brazilian presence is its diplomatic posts. The relative importance of the posts can depend on where they are located: for example, to Brazilians, their Embassy in La Paz may not mean much, while it may be seen as important by Bolivians. Some Brazilian "Third World" representation may not mean too much to either Brazil or the host country. The most rapidly spreading Brazilian agency abroad is the Bank of Brazil, which is steadily expanding its branches in all continents (from 11 overseas agencies in 1970 to 25 by 1975). In major commercial and financial centers trade offices may exist separate from the Brazilian Embassy or Consulate, while in a few cities Braspetro, Lloyd Brasileiro, or the Brazilian Coffee Institute may be visible.

The Brazilian flag is shown by the private sector more widely through Varig, its international airline, than by other concerns (most of which are buried in rather anonymous offices in financial and shipping districts). In many North African

and Middle Eastern countries, however, it is the hundreds to thousands of Brazilian technicians with the large construction projects--airports, highways and housing--that are the most conspicuous symbols of Brazil's presence.<sup>9/</sup> In the world's major centers Brazilian journalists can be found, with fairly sizeable bureaus in places like New York and Paris for the chief magazine publishing concerns such as Editôra Abril and Bloch Editores as well as correspondents for Jornal do Brasil and O Estado de São Paulo. Brazilian artists, musicians, and writers are prominent in a number of cultural centers, and it is increasingly possible to find Brazilian restaurants in major metropolitan cities. And, with the economic boom of recent years, Brazilian tourists are increasingly numerous in the United States and Western Europe. Then too, when one speaks of the Brazilian presence abroad there is the incomparable Pelé, his impact multiplied enormously by television and films, as well as a host of other stars of the futebol world imported to hype the game as well as improve the quality of the game from Madrid to Milan and Seattle to Santiago.<sup>10/</sup>

#### IV. OUTLOOK AND PROSPECTS

Brazilian progress toward major power status is almost certain to continue through the rest of the 1970's and into the 1980's. The fundamental question in the short run is one of rate and in the longer run centers on the extent of this upward international mobility. Although external environmental factors will continue to be important, Brazil's movement toward joining the select circle of global powers will depend more on greater internal development and its ability to achieve a preeminent position among the nations of Latin America. This does not mean that Brazil must necessarily establish paramountcy over its South American neighbors, but rather that its economic growth, political stability, and range of international activity must increasingly set it apart from the other significant countries of Latin America (notably Mexico and Argentina). There are substantial indications that the USSR, Japan, China, and the German Federal Republic already view Brazil as a candidate for inclusion in the ranks of the world's major powers. Brazil's vast potential for further development outweighs present economic weaknesses and possible socio-political shortcomings. Great Britain and France--particularly with Ambassadors Roberto Campos in London and Antônio Delfim Netto in Paris striving to outdo each other to project the image of a dynamic and growing Brazil--seem likely to follow suit as they throw off the blinders of greater historic ties to Argentina and Mexico. Since to a great extent now you are a major power when the other major powers recognize you as such, the general



prospects for Brazil's acceptance into the global power club in the present generation look promising. Although the attitude of the United States might affect the timing of Brazil's arrival, it can no longer determine the eventual outcome of this process.

Continuity...Limits of Change

For the future, it seems as though Brazilian economic and political systems will be increasingly consolidated, even institutionalized. While continuity of foreign policy elites does not guarantee continuity of policy, it does make it more likely. In the Brazilian case the marked continuity of foreign policy elites since 1964 will probably extend through the rest of this decade and well beyond. These groups in Brazil have shown they can learn from experience and adapt to changing circumstances. Perceived failures in the foreign policy sphere or setbacks resulting from changed international circumstances would probably lead first to a reassessment of policies and only after this proved inadequate, to a reevaluation of fundamental objectives.

The possibility that a revolution might radically alter the political system before the end of the decade and thus overturn the present foreign policy elites appears remote given the strength of the regime and the manifest weaknesses of the Brazilian left. Indeed, ouster of the military from power appears further away than it did at the beginning of the decade.<sup>1/</sup> Translation of widespread disaffection into effective mass action has been a slow process throughout Brazilian history,

and cooptation by the regime of important elements of the students and workers has marked the past five years and shows few signs of diminishing at present.

While new elite groups linked to the processes of change accompanying Brazil's development might indeed emerge, such an emergence is not taking place at a rate sufficient to have any but a quite gradual influence on policy making before the mid-1980's. Thus rifts within the officer corps or between the military and their diplomatic and technocratic allies would be the most likely source of major or discontinuous policy change in the foreseeable future. Serious divisions among civilian foreign policy elites would be likely to find some reflection in military circles, or else the Armed Forces might support that faction with whose views they agreed. The most likely course of events is that changes resulting from adjustments internal to the regime would involve modification of emphases and priorities more than basic alterations in goals or orientation.

Given the career patterns among the officer corps, it seems unlikely that the orientation of the upper ranks of the military establishment will undergo drastic changes during the next decade although there will continue to be a steady turnover of personnel at all ranks, obeying the inflexible provisions of the up and out promotion system in all three services. Dissidents may well survive for a time up to the ranks of Major or Lieutenant Colonel, but through the rigorous course of the Staff and Command College and Escola Superior de Guerra reinforced

by the keen competition for the limited promotions to general officer rank, a substantial degree of consensus on Brazil's place in the world and the military's role in the political process exists at the higher levels.

Promotion patterns have been impressively stable since 1964. Only a fraction of those promoted to full Colonel by 1968 are likely to be Major Generals even by 1980 (the others are retired along the way as the pyramid narrows sharply at each rank). Similarly, only a few of those promoted to Colonel in 1972 may reach Major General rank by 1984. Put another way, the Majors and Lieutenant Colonels prominent in 1964 investigations into subversion under the preceding regime are either in retirement or just reaching promotion to Brigadier General at the end of 1975 and in 1976. Turnover is steady, if gradual, with four years the maximum at each of the three general officer ranks. Thus, none of the four-star officers participating in the selection of a new president are around the next time succession comes up, but their places are taken by individuals who were their immediate subordinates on the previous occasion and who were Brigadier Generals the time before that. Hence well under half the Brigadier Generals at the time of Médici's selection were still on active duty as Major Generals during the selection of Geisel, and substantially fewer than half of these individuals will have avoided compulsory retirement and be at the peak of the Brazilian Army command structure when the time comes to choose his successor. The same holds for corresponding ranks in the Navy and Air Force.



That substantial continuity will be maintained into the 1980's appears from the following projections:

- 1) No one is likely to be a full General by 1980 who was not already a Brigadier General by 1972;
- 2) The Divisional Generals of 1980 will come from among those reaching the rank of Colonel during the Costa e Silva government, or even the latter part of Castelo's administration;
- 3) Only those who were Lieutenant Colonels during Costa's presidency have any chance of becoming Brigadier Generals by 1980;
- 4) Officers promoted to Lieutenant Colonel during the early 1970's, will not be up for promotion to Brigadier General before the mid-1980's. The cream of this group might become full Generals during the early 1990's.<sup>2/</sup>

Hence there are strong indications that any changes in foreign policy resulting from shifts in the composition of the military elite will be gradual and incremental, albeit in the direction of some variant of greater nationalism.

Career patterns in the Brazilian Foreign Service parallel those in the military.<sup>3/</sup> Today's First Secretaries (average age 42 with 16 years of service) contain those who are likely to be Ministers Second Class in the mid-1980's and Ministers First Class during the 1990's. Many of today's Ministers First Class are apt to be on active service at the ambassadorial level though the mid-1980's at least, and perhaps as many as

half of the present Ministers Second Class will be the senior Brazilian diplomats of the 1990's.

On the above estimate and projections, current elite views regarding Brazil's place in the world and basic foreign policy objectives are not likely to change substantially as a result of

--replacement of the present foreign policy elites by other groups and individuals with differing views (rated quite unlikely in the short run and possible, though not probable, within 10-15 years); or

--major shifts in the views of the present elites through alterations in their internal composition (demonstrated to be an essentially gradual and continuous process likely to be incremental in the short run and not necessarily cumulative over the longer haul).

Indeed, increased socialization of the current student generation in the present brand of National Security Doctrine could conceivably introduce an element of ideological inertia.

Combined with stable and adequate recruitment patterns this could extend the present set of values and goals well into the future.

Elite views on foreign policy are most likely to be modified as a concomitant of continued directed change from above, both in response to and anticipation of political circumstances that might otherwise lead to a decline in the regime's viability contributing either to its demise or provoking an intolerable resort to repression.

The Geisel government early understood that its range of choice might be unacceptably narrowed if steps were not taken to accommodate the social mobilization and resultant pressures for participation unleashed by such side effects of the economic development process as increased urbanization, expanded education, and improved communications. Well aware of the backlash within the military establishment generated by Castelo and Costa with their efforts at political normalization (in terms of reduction of the authoritarian features of the regime if not a real democratic opening), Geisel's decompression attempts involved creation of escape valves and an improved strategy for cooptation of moderate opposition elements as well as measures for institutionalization and building of legitimacy. The delicate, tentative, and incomplete character of this process has been underscored above in the discussion of the Brazilian political environment. Future developments in this sphere will have an impact both on decision making and the content of national policy. While the impact will be most pronounced in domestic matters, foreign affairs ramifications will also be significant.

Progress toward decompression peaked with Geisel's March 1, 1975, message to the new Congress and hopes expressed elsewhere that incoming governors in states where the MDB had a majority in the Legislative Assembly would be able to work out viable relationships with the opposition legislators. Golbery, chief architect and advocate of decompression, who in the course of his duties would see the President at least two or three times a



day, was unable to work all of May because of a detached retina. Back on the job for only eleven days, he had to take extended leave to go to an eye specialist in Spain. Uncertainty over whether he would be able to reassume his key office worked to the advantage of the opponents of his enlightened political policy.<sup>4/</sup>

In early May, the President invoked the extraordinary powers of the Fifth Institutional Act after years of disuse, a move possibly designed to remind the MDB of the need to be prudent as much as to satisfy the military hardliners. When a group of discontented young durista officers expressed the view that the Revolution was defeated and more than ten years of effort by the Armed Forces down the drain, Army Minister Sílvia Coelho da Frota responded with an order of the day reiterating that Institutional Act No. 5 and Decree Law 477 (which placed severe restrictions on the political activity of students) were "indispensable to assure the climate of peace, order, security, and stability in which Brazil lives, a climate so different from that of the international arena."<sup>5/</sup> When the Senate voted to drop charges of corruption against one of its members, the President used his exceptional powers to remove him from office, thus underscoring that the Fifth Institutional Act was a deterrent to corruption within the regime as well as a safeguard against subversion by its opponents. At the beginning of August, on the eve of the reopening of Congress after its winter recess, Geisel stressed that decompression was as much economic and social as political and that decompression is a

process which must be gradual if it is to be long lasting.<sup>6/</sup>

By the last quarter of 1975 decompression was clearly at a standstill, if not permanently sidetracked. Hardline elements, particularly in São Paulo, were heating up the issue of Communism and subversion in answer to the opposition's efforts to focus attention upon the question of torture and violations of civil liberties. The October 25 death of young journalist Vladimir Herzog while undergoing interrogation at Second Army headquarters brought matters to a head. In spite of the authorities' verdict of suicide, much of public opinion considered him a victim of torture.

In the midst of unrest over this incident and rumors of military-centered conspiracies against him, Geisel visited São Paulo and managed to turn the situation to his advantage. Temporarily at least many wavering officers reacted against the hardliners' excesses and rallied to the President's vigorous leadership initiatives. Near the end of the year the Army Minister organized a luncheon in honor of the President attended by 117 general officers. Pledging full confidence in Geisel's leadership, Frota ruled out intrigues within the Army.<sup>7/</sup> Yet military outrage over criticism by an MDB Senator stemming out of the Herzog incident was contained only through a retraction hastily engineered by leaders of both parties interested in avoiding a repetition of the events which had led to the Fifth Institutional Act just seven years earlier. And when two young São Paulo MDB state deputies refused to retract statements that evidence of Communist support for them in the 1974 elections

had been obtained through threats and possibly torture, Geisel acquiesced in stripping them of office and their political rights on January 5, 1976.<sup>8/</sup>

At this juncture the President resisted hardline pressures to use the Institutional Act against a much larger number of opposition figures. Then, when a worker accused of distributing Communist Party propaganda died while in custody of a Second Army security unit, the President relieved General Eduardo d'Avila Melo of his command, replacing him with a close personal friend as well as professional associate, General Dilermando Gomes Monteiro, the youngest of Brazil's four-star generals and a known advocate of dialogue and Christian precepts.<sup>9/</sup> Thus prospects for an improvement of the political atmosphere in São Paulo were brighter at the end of January 1976 than had been the case for several years.

Nearly a dozen years after the military seized power, the Armed Forces remain divided over the fundamental nature of the political system. Critics of decompression take into account the U.S. defeat in Southeast Asia; events in Portugal, Greece, India, and Italy; and the continuing Middle East crisis to argue that with the world in such a mess and Brazil increasingly required to care for its own defense and security, this is not time to weaken the regime by introducing the divisiveness of political competition or by permitting congressional restraint of the executive. Still smarting at the 1974 elections and their outcome, they argue that there is not time before 1978 to adequately strengthen the government party and, that with the



bloom off the economic miracle, all electoral advantages are on the side of the opposition. Moreover, in their view, decompression unleashes distributive pressures that jeopardize continued development and thus undermine security.

Military liberals draw very different conclusions from the domestic and foreign panorama. They feel that after a long period of authoritarian rule, a political boiling point is eventually reached when a radical turn to the left (so evident in post-Salazar Portugal) becomes a possibility. Then too, the economic pie has grown sufficiently to make some distributive measures desirable--at least to counterbalance the pronounced concentration of income evident since 1960--particularly to the degree that such measures might broaden the internal market. Furthermore, the political situation is the only negative factor in Brazil's improved international image and tends to cloud its potential for leadership. Supporters of Arena argue that it is too early to say that the party could not make a go of decompression. Rather than viewing an opposition victory in 1978 as nearly inevitable, new Arena president Francelino Pereira and secretary general Nelson Marchezan feel that Arena has not fully exploited those issues that might help it win in the municipal elections of November, 1976 as well as the subsequent legislative elections. They point to the nationalist appeal of the recent nuclear agreement with Germany, potentially rich petroleum discoveries, and such independent foreign policy moves as the insistence on a 200-mile territorial waters limit.<sup>10/</sup> Many military figures agree with this assessment,

to which President Geisel subscribes fully.

Brazil's history seems to indicate that a majority of the officer corps is aligned neither with the duros (Ultras, extremados, inconformados, or radicals) nor with the moderados (conciliadores, compreensivos, normalizadores, or liberais). Most probably have an ambivalent attitude based on a perception of the situation as ambiguous. Under such conditions, leadership will continue to be a critical element in determining the future course of military politics and hence of national affairs. In this regard it should be noted that well over half the four-star generals will be retired before 1976 is over, finally giving Geisel the opportunity to reshape the High Command more in his image (as Médici did in 1972). Ednardo d'Avila Melo went into early retirement after being removed from command of the Second Army. Third Army Commander Oscar Luís da Silva, Armed Forces General Staff Chief Corrêa, ESG Commandant Menezes Paes, and Army Minister Frota are among the seven other full generals to be retired by the end of the year, along with many divisional generals. <sup>11/</sup>

Economic Outlook

Economic considerations will continue to weigh heavily on Brazilian policy making. Developmental successes, particularly economic growth, constitute major components of Brazil's foreign affairs capacity, while remaining economic vulnerabilities impose important restraints on international policy. Of greatest immediate impact is continuation of the "economic miracle" or a reasonable facsimile thereof. Real GNP growth dropped in 1975 to under 5 per cent, and export earnings fell far short of the \$10 billion target. Key for continuation of growth at this reduced level (comparable to that for 1967, the transition year from the Castelo Branco to the Costa e Silva administrations) much less any significant recovery, are reinvigoration of internal demand through salary increases above the rate of inflation and further impetus to import substitution through increased government purchases of Brazilian-made equipment rather than of foreign products. Broadened and even more energetic programs for export stimulation along with intensified aid to agricultural producers in their efforts to overcome the effects of 1975's killing frosts are also counted upon by regime planners to keep the economy growing.

From the perspective of early 1976, the Brazilian economy shows both present and future strengths as well as a number of serious weaknesses. Clearly Brazil's policy makers are no longer complacent and, as in 1966 and 1967, they are searching



for measures which will facilitate a return to higher growth rates. Optimists among them foresee a trade deficit of only \$2 billion (on exports of \$10 billion and imports of \$12 billion or less) and a balance of payments deficit not far in excess of those of the past two years (\$1.0 to \$1.1 billion). In their eyes GNP growth could exceed that of 1975 with inflation at roughly 30%. But in light of an expected \$3.6 billion outflow for services and perhaps as much as \$2.9 billion needed for amortization of a foreign debt which already stands at roughly \$22 billion, this holding down of the payments gap could well require larger amounts of foreign investment and loans (perhaps \$1.4 billion and \$6 billion) than are likely to be forthcoming unless the world economy shows a significant upswing.<sup>12/</sup>

Among the other questions hanging over 1976 (and beyond) are: Will the slowdown of economic growth and the size of Brazil's liquid foreign debt--now nearly \$18 billion, requiring well over 40% of Brazil's export earnings for its service--tend to inhibit new capital inflow or lessen reinvestment in favor of remittance of profits? Can a new cycle of import substitution industrialization centering on capital goods take hold and show significant positive effects in less than two or three years? Will the regime be able to convince the public that the decline of the "economic miracle" is a function of external forces and that 4% growth when that of the industrialized nations is clearly negative in absolute as well as per capita

terms is really an accomplishment? Can wheat production, held by adverse growing conditions to slightly over 1 million tons in 1975, recover sufficiently to eliminate most of the \$600 million spent for wheat imports last year? Will coffee prices hold up so that Brazil may earn \$1.5 billion on exports of 12 to 14 million sacks compared to \$1 billion on a larger volume of exports as in 1975? Will petroleum production really begin to rise after virtually stagnating in 1975, or will it take longer to bring the recently discovered fields into production? Can Petrobrás arrange more advantageous terms for purchase of crude, so that expenditures on petroleum imports can be kept down near the \$3 billion level, or will international oil prices continue to rise? Will sugar prices be favorable after mid-year when Brazil will have more of its harvest available for export, and what will be the market for the still expanding soy production counted upon as one of Brazil's chief prospects for benefitting in the future from the global foodstuffs shortage? To what extent will growing unemployment as a result of import restrictions offset the projected increase in domestic capacity to consume?

Although these questions are not yet answerable, certain factors bearing upon them do stand out. First, Brazil does have a complex and quite sophisticated array of financial and developmental agencies and instruments it did not have during the early and mid-1960's. Government intervention will be carried as far as necessary to attain results commensurate with the regime's needs for performance sufficient to keep an

adequate base of support. Second, Brazil is in a much stronger international position than before the 1968-1975 period. It has considerable bargaining leverage in dealing with the German Federal Republic, Japan, and even the oil producing countries and can be expected to use it to the fullest. Third, the balance of payments crunch is more likely to lead the Brazilian government to put heavy pressure upon multinationals to produce for export than it is to treat them more gently. Fourth, the Brazilian government will seek to take advantage of the relative diversification of the country's economy. The Economic Development Council's decision to invest \$2.6 billion in expansion of steel production during 1976, the issuing of the terms for bidding on service contracts with risk clauses in the petroleum field, and Ueki's end of January trip to Japan all testify to a determination to push ahead reminiscent of Kubitschek's "dam the torpedoes" reaction to the obstacles placed in the way of his forced draft development program by the United States and the IMF in 1959.



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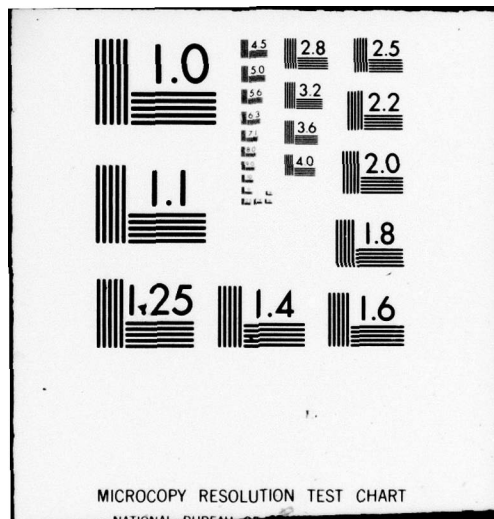
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Looking beyond 1976, the economic situation is in many ways less clouded. In the next few years expenditures on petroleum imports will continue high, but Brazilian production should begin to rise fairly sharply by 1978. Near self-sufficiency in wheat and some surplus with regard to rice should help offset the adverse impact of recent frosts on the coffee crop (the effects of which will be mitigated in part by sales from the government's stored surplus). Cocoa sales, just over \$300 million in 1975, should rise substantially. Since steel imports in 1974 cost Brazil \$1.5 billion, an important balance of payments question over the next decade will be whether exports of iron ore and Brazilian domestic steel production can expand fast enough to reduce, if not eliminate, this drain on foreign exchange earnings. Brazilian planners foresee exports of 72 million tons of iron ore in 1975 rising to about 120 million in 1980 and 166 million tons by 1985, while steel consumption grows at a significantly lower rate matched by substantial expansion of Brazilian productive capacity (to 32 million tons by 1981 which should make Brazil a net exporter of steel products). By the 1980's Brazil may well also be a major exporter of bauxite, yet another reason to believe that substantial export expansion is possible for at least another decade.

High as is Brazil's foreign debt and the cost of debt service, the ratio of liquid debt to export earnings is not dramatically higher than in 1968, although the magnitudes involved are more than five times greater. The more than \$25



billion programmed by the government for import substitution investments (particularly capital goods, steel, ship building, petroleum and petrochemicals) by 1979 should be a significant impetus to economic growth. Less certain, but likely to be substantial, is the scale of investment which will result from the risk contracts for petroleum exploration to be negotiated during 1976.

#### Bilateral Relations

Given the uncertainties of the international economic situation and Brazil's great development appetites, export expansion and diversification of markets will almost certainly remain a major goal of Brazilian policy. Though recent trends are likely to suggest future trends, straight line projections could be off the mark. Thus, for example, the 1975 nuclear power agreements call for as much as \$8 billion in payments from Brazil to the German Federal Republic over the next fifteen years (\$5 billion for the generating plants and an estimated \$3 billion for the enrichment and reprocessing facilities). This alone will vastly alter the situation in which Brazilian exports to the GFR in 1974 were just less than \$800 million, with imports at \$1.5 billion. Sales to Germany, particularly uranium and iron ore, will almost certainly have to be boosted substantially to keep the trade imbalance from becoming unacceptable<sup>13/</sup> cumulative. In all likelihood, trade with

Western Europe and the United States will continue to hold first and second place in Brazil's foreign commerce for some time to come, and Japan will continue to increase its relative share. Trade with Communist countries will continue to grow, but the rate of expansion and eventual limits are much less predictable and more subject to political considerations.

Significant modification, but probably not root change, is most likely in Brazil's relationship to the Afro-Asian countries over the course of the next decade. While economic interests may eventually diverge, Brazil will for some years yet still wish to see modifications of the international economic system that would benefit developing countries. Silveira sought to launch a successful Brazilian initiative in this area at the Seventh Special Session of the UN General Assembly. His carefully prepared opening speech on September 1, 1975, calling for new rules for North-South trade and a new political and legal framework for specific negotiations on market access and prices fell between two stools. Rather than providing a bridge between the position of the LDC's--who arrived fired up by the Lima Conference of Non-Aligned Countries--

and the industrialized nations, Silveira's proposals were too tame for the former, while his call for a new General Trade Agreement was still unwelcome to the latter. With this rebuff, the Foreign Ministry is likely to drop back for some time to a lower profile, avoiding isolation by supporting Third World demands in a generally nonpolemical and constructive manner. Brazil's problem as an "intermediate" country is to build credibility and develop ties to the LDC's while its basis for international influence matures.

Not until the late 1980's or 1990's, if even then, is Brazil likely to have developed to the point where its community of interests with Western industrial nations generally overrides its shared concerns with the LDC's. In the meantime, it will find opportunities as well as dilemmas in its perhaps increasingly ambivalent position between the have and have not countries; it may eventually carve out a viable and accepted international role rather than leadership of any contending bloc.

The future of Brazilian trade with the other South American countries will have more political than economic importance to Brazil. In almost every case, the trade with Brazil is substantially more important to the other trading partner than to Brazil itself, economically speaking. In 1974 Brazilian trade with LAFTA countries reached 11.9% of its total foreign



commerce (or over \$2.4 billion). Brazil will certainly strive to increase these figures substantially in the years ahead, but political-strategic considerations may often be more important in this respect than simple economic motives. Trade will almost certainly be an instrument of political and military policy in dealing with Argentina as well as Brazil's smaller neighbors. Manufactured goods are likely to show a significant rise among Brazil's exports to its neighbors by the end of this decade. Brazilian policy makers will continue to monitor Latin American responses and reactions to Brazil's initiatives very closely, and shifts in the nature of relations between other South American countries will influence Brazilian decision making as will internal political changes in those countries. Peruvian-Chilean relations and succession problems in Argentina and Bolivia are cases in point.

#### Policy Process

On the institutional side, the foreign policy-making process in Brazil is likely to experience further differentiation and complexity as expansion of international activities and involvement continues. While new structures in this field may be established by future governments, most of the necessary elements and instruments for deciding on and implementing a sophisticated international policy already exist. Hence, the overhaul and reorganization of present institutions is more likely than their replacement by new agencies. Moreover, gradual and incremental reappportionment of authority and responsibilities is more apt to occur than a large scale

revamping of Brazil's foreign affairs establishment. Presidential style may vary more than the scope of the office itself. Succeeding presidents may become more personally concerned with foreign policy or somewhat more detached, but variations are likely to be within the range of the past four administrations. Conditions are such that no Brazilian chief executive in the foreseeable future will be able to take direct control of foreign affairs or, on the other hand, detach himself from international policy considerations. Variations will be matters of degree based on personal preference and the prominence of foreign policy questions at any particular time.

The role and influence of presidential staff agencies is likely to remain high, although the importance of one or another component of the executive office may fluctuate if not change permanently. The Gabinete Civil has been more influential on a wider range of policy matters than the Gabinete Militar in all post-World War II governments except that of Costa e Silva--where Civil Cabinet Chief Rondon Pacheco fell short on the dynamic and creative side (a "plumber" rather than an "architect" in the eyes of many observers)--and the unusual situation in 1954-1955 following Vargas' death when General Juarez Távora was the dominant figure in the caretaker government of Vice President Café Filho. The foreign policy role of the SNI is still far from institutionalized and there is a real potential for its influence and activity to expand under an aggressive head and a permissive president. By way of contrast, the Planning Secretariat is not apt in the future to have any greater say



in foreign policy than it presently enjoys under Reis Velloso.

The Armed Forces say on foreign policy matters could increase or decrease depending largely on internal political considerations. There have been two brief periods of junta government--in April, 1964, and again in September-October, 1969--and a future succession crisis could bring the Armed Forces back into such direct rule. On the other hand, possibly after 1978 or more likely by the mid-1980's Brazil could have a much more civilian government wherein the military's effective voice on foreign affairs might be restricted to defense-related questions or at least circumscribed by a more limited definition of security than now obtains.

Among the ministries, it is quite unlikely that Itamaraty will reestablish primacy in foreign policy making. With effective leadership (such as might be provided by someone like Roberto Campos with his background as the dominant cabinet minister in the Castelo government and experience in intra-governmental infighting going back through the Goulart and Quadros administrations to the Kubitschek government) the Foreign Ministry could regain the upper hand at least temporarily. Even then its influence would depend largely on astute bargaining and bureaucratic alliances. More likely is a non-dramatic recuperation toward a position of primus inter pares based on improved technical capabilities particularly in the economic and energy fields. Even this is far from certain, since failure to modernize training and broaden recruitment could further erode the Foreign Ministry's role as other ministries continue to enhance their own international expertise.



The Finance Minister will probably not again achieve the predominant position in international policy it reached under Delfim Netto during the Médici government. But the chances are at least equally remote that it will cease to have a major voice on foreign policy questions. Other economic agencies are apt to see their influence ebb and flow as the relative salience of energy questions peaks (and with it the influence of Mines and Energy) or reform of the international financial system comes to the fore.

The foreign policy weight of the Industry and Commerce Ministry is closely related to that of the business community. While a more dynamic minister, or one personally closer to the President, would have some effect, a major voice in foreign policy making would require backing by the private sector entrepreneurial strata, who, if they possessed greater clout, would be likely to seek to reach the President more directly. A partial political opening involving regime efforts to secure their more active and effective backing in the 1978 elections could enhance the business and financial community's access to the policy making process, yet this would be felt more in the realm of domestic policy than in foreign affairs.

The role of Congress, the parties, labor, the Church, intellectuals and mass media depends fundamentally on future internal political developments. Most immediate is the question of decompression, since their say on foreign policy is largely a function of their broader public policy influence, which would be significantly enhanced only in a more open political system.

Other Possible Variations

The analysis in this study and the view of Brazil's foreign policy prospects stemming from it have dealt with the probable course of events. Given the uncertain nature of some of the contingencies involved, a brief look at a wider range of possibilities may be in order. Moving ahead from the present concern with political decompression and slackening economic growth, the possible variations include:

- 1) Substantial success in both the political and economic dimensions;
- 2) Increased friction over political strategy or even abandonment of decompression, accompanied by continued satisfactory performance in the economic realm;
- 3) Progress with decompression, but a deepening economic recession;
- 4) Significant reverses on both the political and economic fronts.

Each of these courses would have a different impact upon foreign policy, in all cases less profound and direct than the effects in the domestic policy arena.

Under the first of these alternative futures, the basic thrust of this paper would be borne out, and Brazil's foreign policy community would continue to benefit from favorable internal developments. Continued good economic prospects combined with an authoritarian political situation or even deepened political cleavages would not necessarily affect foreign policy



significantly over the rest of this administration or even for the duration of its successor. The foreign policy community would to a very substantial degree be able to remain above the storm and perhaps carry on with somewhat increased autonomy. For it is not on foreign policy, but rather on internal political questions that the hardliners diverge sharply from the military moderates, and the struggle for dominance between these contending currents has been present since 1964 without any clear reflection in foreign policy shifts.

A breakdown of the present consensus on foreign policy would be more likely under a combination of successful political decompression with a sustained economic decline. Under these circumstances elements presently without much say on policy matters--particularly Congress, parties, the press, churchmen, and even labor--would have substantially enhanced opportunities for input into foreign policy decisions. Moreover, the economic imperatives of recovery efforts would be likely to take precedence over all other considerations in shaping Brazil's international initiatives. The greatest potential for change beyond the bounds of the incremental and generally continuous adjustments foreseen in the body of this paper lies in a compounding of negative political and economic factors. Simultaneous failures on both these fronts would certainly undercut the government much more than reverses on one, offset by accomplishments on the other. Gains with respect to decompression might even win the support of present opposition elements to the regime's policies, in the international sphere as well



as in the domestic arena. Dashed political hopes combined with economic disappointments would, in sharp contrast, cause present supporters of the regime to join an opposition itself moving to a more intransigent position. Perceived mismanagement of the economy would have the further potential of sharpening divisions within the Armed Forces and cleavages between the military and civilian sectors in a manner which could affect foreign policy.

Because the Brazilian economic miracle has continued for the better part of a decade, that is, since the military cadets and new 18-year-old voters were elementary school children, public opinion may tend to take high rates of GNP growth for granted. In this context a sharp economic downturn would almost surely lead to increased criticism of government policies and broadened discussion of alternatives. Should this coincide with the latter stage of a presidential term, it might in large part be absorbed into the succession debate, probably weakening the hand of the incumbent. The new administration would have the option of trying a new economic game plan under the direction of a changed group of economic technicians. But in a recession coinciding with the early years of a presidential term, criticism of the administration would likely focus on the changes it had already made in the economic ministries, with a faction within the military probably calling for the return of the faces and policies of the old governmental team. If the new President had carried over the economic policies and technocrats of the former government, the first round of demands

would be for their replacement by fresh leadership. Only if the recession continued or deepened into a real depression would more fundamental questions concerning the basic nature of the political economy come to the fore.

The timing of a possible recession would affect its political ramifications in yet another way, since the regime would almost certainly point to its overall economic record in answering critics of a short-term recession. Thus, a worsening of the economic situation in 1976 or later would be met by government assertions that a consolidation phase is natural following a prolonged period of sustained rapid growth. Indeed, such notes have already been struck following the declining growth rate of 1975.

Under most eventualities, a recession of up to two or three years' duration coinciding with a generalized international economic decline could be managed politically through changes in responsible policy-making personnel and modifications of priorities, combined with promises that this would be the prelude to a renewed spurt of accelerated development much as the 1964-1966 period paved the way for the recovery of 1967 and the subsequent sustained boom. Protracted recession that bordered on economic stagnation might well give rise to serious cleavages within the governing elites and could even lead some elements within the military establishment to advocate disengagement from direct control and responsibility for governing the nation. Indeed, a long and deep recession might be the only development likely to bring about very substantial and even abrupt changes in the evolving political system. The regime has been able to use rapid economic growth (much as

Vargas and Kubitschek used growth plus inflation) to satisfy conflicting demands for public goods by relatively constant shares of an expanding pie. Without such growth, difficult and politically costly choices would have to be made, and public discontent would rise, probably more than during the austerity period under Castelo. For now blame would have to fall upon the present holders of power rather than be heaped upon the shoulders of discredited/<sup>a</sup>regime already overthrown and punished severely.

Faced with rising popular dissatisfaction among the public, sharp criticism from aspirant elites, and probable policy disagreements among its own technocratic allies, the military in such a situation of protracted economic crisis would confront a choice between increasing repression or disengagement from responsibility for economic policy. The first choice would be extremely distasteful to the populist/modernizing elements in the officer corps, but the second would be difficult to achieve without withdrawing from political control as well. The Armed Forces might seek a way out of this dilemma through an alliance with moderate opposition leaders, a course that would almost certainly involve opening up the system to a substantial degree of competition. In a period of economic retrenchment the distributive and social policy requirements of such a strategy could well lead to an increased degree of economic nationalism (as was the case in 1953-1954 with Vargas and repeated a decade later under Goulart when growth rates fell off sharply). It would also involve a polarization of the regime greatly exceeding



the 1975 division over decompression.

In a very tight squeeze as that hypothesized above, many of the military might decide at a fairly early stage that a resort to a strongly nationalistic stance might be opportune. With many of the younger officers convinced by that time that the neo-capitalist system had reached its developmental ceiling in an international environment in which interdependency seemed to mean continued dependence for the developing countries, leaders looking for a means of retaining or regaining popular support might be able to bring about a shift to a radically nationalist stance on issues such as foreign investment, perhaps even rather quickly.<sup>14/</sup>

Even under the most pessimistic of these prospects, the most likely foreign policy turn would be toward accentuated nationalism, the basic direction in which Brazil is steadily moving under present circumstances. The underlying strategy of Brazilian foreign policy is quite likely to remain fairly constant, although tactics and intensity will vary with changing internal and external conditions. Brazilian nationalism may be confident and relatively nonabrasive, or it may take on a greater stridency depending upon the shifting fortunes of the national quest for development and security. A world economic crisis on the scale of the 1930's would certainly set Brazil back; it would have a more devastating effect on many less well-endowed countries lacking Brazil's potential for an autarkic road to development.

Short of collapse of the international economic system it is hard to conceive of adverse circumstances that could hit

Brazil harder than the global energy crisis. Yet Brazil has withstood this adversity better than most other countries, including many of the Western industrial powers. On the internal side, lowered coffee production of the magnitude now apparent (resulting from 1975's widespread killing frost) would have been little short of disastrous even a few years ago. Now it works a hardship on a still important sector of Brazilian society, but essentially accentuates the decline of this once crucial export more than it threatens the foundations of Brazil's economy. In the short run, the confidence of significant elements of the private sector may be shaken, <sup>by the recent economic downturn</sup> but this gloom could be dispelled by further major petroleum discoveries or other reminders of Brazil's potential and capabilities. For even some of the more skeptical Brazilians harbor a belief that it just may be true that "God is Brazilian" or at least that "Nothing can hold back Brazil."<sup>15/</sup>

BRAZIL'S FOREIGN RELATIONS:  
ENVIRONMENT, INSTITUTIONS, OUTLOOK

NOTES

Notes to Section I, pages 1-50

1. These terms are used in this study essentially as defined in Howard Lentner, Foreign Policy Analysis: A Comparative and Conceptual Approach (Columbus, Ohio: Charles E. Merrill Co., 1974).

Engagement characterizes a country's tendency to move from relative international insularity to increasing involvement in less than global patterns of interaction in which control over such situations is shared with other nations. Expansion encompasses efforts to extend control over international situations. The former has marked Brazilian foreign policy since at least the later 1950's; the latter is essentially a feature of the 1970's. Theory in this field is assessed in Stephen J. Andriole, Jonathan Wilkenfield, and Gerald W. Hopple, "A Framework for the Comparative Analysis of Foreign Policy Behavior," International Studies Quarterly, Vol. 19, 2 (June 1975), p. 176.

2. In a recent lecture to some 1600 Rio De Janeiro secondary school civics teachers on "O Mundo e O Brasil - Uma visao dos conflictos e das opcoes - Uma geopolitica de destino," March 26, 1975, p.2. An early statement of this basic thesis is Norman A. Bailey and Ronald M. Schneider, "Brazil's Foreign Policy: A Case study in Upward Mobility," Inter-American Economic Affairs, Vol. 27, No. 4 (Spring 1974), pp. 3-25. Outside of Europe and North America only Japan and Mainland China exceed Brazil in GNP. See Stefan H. Bobock, Brazil: A Study in Development Progress (Lexington, Mass.: C.C. Heath and Co., 1975, p. 87.
3. There is a vast literature on the collapse of the left-populist regime. The most recent relevant works included Hélio Silva, 1964: Golpe ou Contragolpe? (Rio de Janeiro: Editora Civilização Brasileira, 1975) and Carlos Castello Branco, Introdução a Revolução de 1964: Agonia do Poder Civil (Rio de Janeiro: Editora Artenova, 1975) and the forthcoming companion volume, A Queda de João Goulart. For an example of the traditional view of equating Mexico and Argentina with Brazil as international actors see Carlos A. Astiz (ed.), Latin American International Politics: Ambitions, Capabilities and the National Interest of Mexico, Brazil and Argentina (Notre Dame, 1969).



4. A scant literature exists in this field. The Foreign Policy Research Institute's Brazil's Future Role in International Politics (Philadelphia: FPRI, 1973) contains a fairly preliminary effort along these lines to which this author contributed Chapters II, III, and V, with Professor Jordan Young's active collaboration, particularly on Chapter III.
5. These included primarily businessmen and bankers, land-owners, the bureaucratic middle class, and lawyers closely linked to these elements. Legal representatives of the labor unions, lower middle class workers and peasants came to elective and appointive office during Goulart's presidency.
6. The most comprehensive treatment of these developments is the author's The Political System of Brazil: Emergence of a "Modernizing" Authoritarian Regime, 1964-1970 (New York: Columbia University Press, 1971).
7. "A Doutrina da Segurança Nacional" is the leitmotif of the post-1964 regime. For full acceptance by the military, a bureaucrat or politician must be viewed by them as having a "sense of national security," which is usually certified by attendance at the Higher War College (ESG) or the extension courses administered by its faculty and graduates in Brazil's major cities. Some thousands of government officials and private sector leaders have already qualified in this manner, and the new generation is being inculcated with the doctrine through courses incorporated into the secondary school and university curricula.
8. Each period since 1964 has had its key term or catch word, which once it took on a negative connotation through disappointed hopes or failure would be carefully avoided by subsequent administrations. Normalidade, humanização, and--to a lesser extent--renovação have given way to distensão or "decompression," the form of defensive modernization advocated by the liberal faction within the present government. As of August, 1975, desenvolvimento político (political development) appeared to be replacing distensão as the presidentially approved term, with the former viewed as a prerequisite for the latter (which is thus stripped of its immediacy).

9. This is discussed at some length in Schneider, The Political System of Brazil, pp 302-304. The most comprehensive collection of constitutional provisions presently in force is Senado Federal, Legislação Constitucional e Complementar: Com Legislação Citada e Sinopse (Brasília, 1972). This is updated by 1973 and 1974 supplements covering Complementary Acts 97 through 99 and Complementary Laws 13 through 20. For perspective see Osny Duarte Pereira, A Constituição, Federal e Suas Modificações Incorporadas ao Texto (Rio de Janeiro: Editôra Civilização Brasileira, 1966) and A Constituição do Brasil 1967 (Rio de Janeiro: Editôra Civilização Brasileira, 1967).
10. "Atitudes Políticos-Sociais e Sua Influência no Model Brasileiro," in Mário Henrique Simonsen and Roberto de Oliveira Campos, A nova economia Brasileira (Rio de Janeiro: José Olympio Editôra, 1974), pp. 39-46.
11. Roberto Campos, "A Opção Política Brasileira," in Ibid., pp 223-57.
12. Peter B. Evans, "The Military, the Multinationals, and the 'Miracle': The Political Economy of the 'Brazilian Model' of Development," Studies in Comparative International Development, IX, 3 (Fall, 1974), pp. 41-42.
13. Ibid., pp. 33-34.
14. The first of these phrases is that chosen by Professor Alberto Guerreiro Ramos to stress the absence of direct popular links and is expanded upon in a paper he presented at Columbia University on January 25, 1973; the second is used by Georges A. Fiechter in his dissertation, Le Régime 'Modernisateur' du Brésil, 1964-1972: Étude sur les interactions politico-economiques dans un régime militaire contemporain (Geneva: Graduate Institute of International Studies, 1972).
15. The political dynamics of these systems and the processes of their decay are analyzed in Ronald M. Schneider, Modernization and the Military in Brazil: Political Instability, Institutional Crises and Army Intervention, 1822-1964 (forthcoming).
16. The Emerging Role of the Military as National Modernizers and Managers in Latin America: The Cases of Brazil and Peru, Ottawa, Carleton University Occasional Papers #19, 1972, p. 55.



17. Henry J. Steiner and David M. Trubek, "Brazil--All Power to the Generals," Foreign Affairs, April 1971, p. 474.
18. In his preface to Murilo Melo Filho's O Modelo Brasileiro (Rio de Janeiro: Bloch Editores, 1974).
19. Werner Baer, "The Brazilian Boom 1968-72: an explanation and interpretation," World Development, No. 8 (August 1973), p. 11.
20. The most recent effort in English to deal with the present Brazilian system is Alfred Stepan (ed.), Authoritarian Brazil: Origins, Policies, and Future (New Haven, Yale University Press, 1973). On the Brazilian side Hélio Jaguaribe's Political Development: A General Theory and a Latin American Case (New York: Harper and Row, 1973) and his more recent Brasil: Crise e Alternativas (Rio de Janeiro: Zahar, 1974) provide useful elements for conceptualizing Brazilian development processes.
21. See his speech upon assuming office, reprinted in Tendência, No. 7 (April 1974).
22. "A Missão Social do Empresário," in Tendência, No. 11 (August 1974).
23. Evans, op. cit., pp. 26-30.
24. Ibid., p. 32.
25. Werner Baer, Isaac Kerstenetzky, and Anibal V. Villela, "The Changing Role of the State in the Brazilian Economy," World Development, No. 11 (November 1973), pp. 23-34.
26. Ibid., pp. 31-32.
27. Ibid., p. 34.
28. Evans, op. cit., p. 42.
29. Jornal do Brasil, January 22, 1976, p. 23. Brazil's exports and imports were in near perfect balance for the period 1968-1973, yet increasingly large current account deficits were generated by the roughly 25% average annual rise in the negative balance in the services account. Until 1973 this rising expenditure for transportation and profit remittances was more than offset by a positive capital flow which grew from \$541 million in 1968 to about \$3.5 billion in both 1972 and 1973. Then came the doubling import expenditures in 1974 with the resultant huge trade deficit. As debt service in 1976 will be well above the \$1.8 billion interest and \$2 billion amortization of 1975, the balance of payments crunch has been officially recognized as Brazil's top priority economic problem. See the coverage of the Economic Development Council's decisions in Jornal do Brasil, January 15, 1976, p. 24.



30. The CSN's 1970 codification of Metas e Bases de Ação de Governo called for measures to build "an effectively developed, democratic and sovereign society, thus assuring the economic, social and political viability of Brazil as a great power" by the year 2000. Policy since that time has been consistent with these "Goals and Bases of Governmental Action." See also Gen. Carlos de Meira Mattos, Brasil: Geopolitica e Destino (Rio de Janeiro: José Olympio, 1975).
31. Ambassador Geraldo Eulálio do Nascimento e Silva, "A Diplomacia e o Poder Nacional," Segurança e Desenvolvimento, 150 (1972), pp. 91-99.
32. First Secretary Regis Novais de Oliveira, "A evolução da política exterior e Brasil em face das transformacoes do equilíbrio de forcas," Revista Brasileira de Estudos Políticos, 37 (September, 1973), p. 104.
33. Ibid., p. 105. The first half of the present five-year National Development Plan is titled "Development and Greatness: Brazil as an Emergent Power." See Republica Federativa do Brasil, Projecto do II Plano Nacional de Desenvolvimento PND (1975-1979), Brasília, September, 1974, pp. 13-70. Basic goals include \$100 billion GNP by 1977 and a per capita GNP of \$1,000 by 1979.
34. General Carlos de Meira Mattos, Brazil..., op. cit., p. 72.
35. Meira Mattos, "Uma geopolitica...", op. cit., p. 14. It is informative to compare the self-assured tone of this presentation with the author's significantly more tentative formulation four years before in "Nossa Viabilidade para Grande Potência," reprinted from Jornal do Brasil, March 31, 1971.
36. Arnaldo Niskier, Nosso Brasil: Para Estudos de Problemas Brasileiros (Rio de Janeiro: Bloch Editores, 1973), pp. 212-213.
37. Ambassador João Augusto de Araújo Castro, "A Brazilian View of a Changing World," presented at Temple University, Philadelphia, (November 17, 1973).
38. Ambassador José Oswaldo de Meira Penna, "A Diplomacia e o Poder Político Nacional," presented at the Escola Superior de Guerra, July 5, 1973, p. 18.

39. J. P. dos Reis Velloso, Novas Dimensões da Sociedade Brasileira, (Rio de Janeiro, 1972).
40. A good example of the meshing of technocratic and private sector thinking with respect to the developmental underpinnings of international status is found in Eduardo Celestino Rodrigues et al., Brasil Potência, São Paulo, 1972.
41. Secretary Alvaro Gurgel de Alencar Netto, "A ONU e os Interesses do Brasil no Campo do Desenvolvimento," Segurança e Desenvolvimento, 154 (1973), pp. 133-140.
42. Ibid., p. 136.
43. Ibid., p. 139.
44. Meira Penna, op. cit., p. 17. This Brazilian Ambassador has written quite extensively on matters relating to these themes. See, for example, his Política Externa, Segurança e Desenvolvimento (Rio de Janeiro AGIR, 1967) and Psicologia do Subdesenvolvimento (Rio de Janeiro: APEC Editora, 1972).
45. Ibid., pp. 26-27.
46. Ibid., p. 29.
47. Ibid., p. 30.
48. Lt. Brigadier Néelson Freire Lavanère-Wanderley, "Hemisfério Sul," Revista Militar Brasileira, LVIII, 4 (Oct.-Dec. 1972), p. 19.
49. Ambassador Manoel Pio Corrêa Junior, "Empresas Multinacionais e a Mobilização Nacional," Segurança e Desenvolvimento, 154 (1973), p. 151. This was a lecture delivered at the Higher War College on August 1, 1973.
50. Araújo Castro, op. cit., p. 8.
51. In English see Michael Morris "Trends in U.S.-Brazilian Maritime Relations," Inter-American Economic Affairs, Volume 27, No. 3 (Winter, 1973), pp. 3-24. On the Brazilian side see Ambassador Carlos Calero Rodrigues, "Relações Internacionais do Brasil: Interesses Marítimos," Segurança e Desenvolvimento, 152 (1973), pp. 91-102. This is a War College lecture of May 15, 1972. E. D. Brown cites the desire to exclude Soviet research vessels as a basic reason for the Brazilian discussion to assert a 200-mile limit. See his "Latin America and the International Law of the Sea," in Ronald G. Hellman and H. Jon Rosenbaum (eds.), Latin America: The Search for a New International Role (New York: Halsted Press, 1975), p. 261.



52. Minister Marcello Rfaelli, "Mar Territorial e Problemas Correlatos," Revista Brasileira de Estudos Políticos, 37 (September 1973), p. 62.
53. There is a rapidly burgeoning literature on this question. A convenient brief introduction is C. Richard Bath, "Latin American Claims on Living Resources of the Sea," Inter-American Economic Affairs, Vol. 27, No. 4 (Spring 1974), pp. 59-85.
54. Consult Frank McCann, The Brazilian-American Alliance, 1937-1945 (Princeton, 1973).
55. See Moniz Bandeira, Presença dos Estados Unidos no Brasil (Rio de Janeiro: Editora Civilização Brasileira, 1973),
56. Luigi Einaudi et. al., Arms Transfers to Latin America: Toward a Policy of Mutual Respect (Santa Monica: Rand Corporation Report R-1173-DOS, June 1973), p. 13. Also useful is Stephen S. Kaplan, "U.S. Arms Transfers to Latin America, 1945-1974: Rational Strategy, Bureaucratic Politics, and Executive Parameters," International Studies Quarterly, Vol. 19, 4 (December 1975), pp. 399-431.
57. "25 Anos de Luta pelo Átomo," Manchete, July 5, 1975, pp. 16-19. See also Veja, May 14, 1975, pp. 16-21 and June 11, 1975, pp. 18-21. A Brazilian nationalist perspective is Moniz Banderia, op. cit., pp. 354-372.
58. See Ueki's statements in "A Riqueza que Vem do Átomo," Manchete, October 18, 1975, pp. 32-34. The law establishing Nuclebrás was No. 61894, December 16, 1974.
59. See "O Poder Nacional precisa do Poder Atômico," Manchete, June 21, 1975, pp. 14-15.
60. Ibid., p. 15.
61. Brasil...., op. cit., pp. 99-100.
62. In a recent essay on Brazilian foreign policy, Dr. Brady Tyson supports this view. "To the degree that Brazil has become a more dynamic and powerful actor on the international scene in the last few years, her foreign policy has become a better instrument for attaining national goals--a function of national development policy--and relatively less responsive to external political events." In Harold Eugene Davis and Larman Wilson, eds., Latin American Foreign Policies: An Analysis (Baltimore, Johns Hopkins University Press, 1975), p. 225.



Notes To Section II, pages 51-127

1. The documentary data available on substantive policy is not matched in the realm of policy-making studies. Roger W. Fontaine's unpublished dissertation on "The Foreign Policy-making Process in Brazil" (Johns Hopkins University, 1970) does not deal with the last two governments and is light even on the 1964-1969 period. His Brazil and the United States: Toward a Maturizing Relationship (American Enterprise Institute for Public Policy Research, 1974) adds little to his previous work. Few other studies even touch upon this subject. In addition to data from published sources and limited field research undertaken during eleven trips to Brazil in the last seventeen years, this composite picture of foreign policy-making during the past four governments relies on a score of interviews held with U.S. foreign service personnel with relevant experience in Brazil during the period since 1964. Where interpretations of these observers differed, varying weights were assigned their views on the basis of length of service, level and scope of responsibility, and frequency, intensity, and range of contacts with the Brazilian foreign affairs community as well as congruence with findings from other sources.
2. See Luiz Viana Filho, O Governo Castelo Branco (Rio de Janeiro: José Olympio Editora, 1975, pp. 428-51).
3. These matters are reasonably well covered in Keith Larry Storrs' Ph.D. dissertation on "Brazil's Independent Foreign Policy, 1961-1964: Background, Tenets, Linkage to Domestic Politics, and Aftermath" (Cornell University, 1973). Critical Brazilian treatments include Carlos Estevam Martins, "Brazil and the United States from the 1960's to the 1970's" in Julio Cotler and Richard R. Fagen (eds.), Latin America and the United States: The Changing Political Realities (Stanford, 1974) and Moniz Bandeira, Presença dos Estados Unidos no Brasil (Civilização Brasileira, 1973).
4. This dispute was aired quite thoroughly in the Brazilian press at the time. The complex matter of subsequent policy and policy-making in this field will be discussed under the Foreign Ministry.

5. Historical divisions within the Brazilian military are discussed at length in this author's The Political System of Brazil: Emergence of a "Modernizing" Authoritarian Regime, 1964-1970 (Columbia, 1971) and in Alfred Stepan, The Military in Politics: Changing Patterns in Brazil (Princeton, 1971). A brief treatment can be found in Fontaine, Brazil and the United States, pp. 72-93.
6. See Schneider, The Political System of Brazil, pp. 299-300 for a fuller description of this command structure. Legislation of November 1974 set the number of active duty general officers at 129 (10 four-star, 37 three-star, and 82 at the level of general of brigade). Also authorized were 550 colonels, 1,380 lt. colonels, 1,800 majors, 4,500 captains, and 7,000 lieutenants. Sergeants were limited to 35,500 along with 132,000 corporals and privates.
7. Ibid., pp. 244-57.
8. Veja, January 14, 1976, p. 25.
9. Meira Mattos, Brasil..., p. 75.
10. Veja, December 31, 1975, p. 23.
11. Veja, January 7, 1976, pp. 29-30.
12. These are current figures. For a solid, but somewhat dated discussion of the Brazilian foreign service, consult Fontaine, "The Foreign Policy-Making Process in Brazil," pp. 276-368; Fontaine, Brazil and the United States, pp. 55-72; and H. Jon Rosenbaum, "A Critique of the Brazilian Foreign Service," The Journal of Developing Areas, (April 1968), pp. 377-392. Also of interest are A. F. Azeredo da Silveira, Organização do Ministério das Relações Exteriores (Rio de Janeiro, 1966) and Geraldo Eulálio Nascimento e Silva, "Organização diplomática brasileira," Revista do Serviço Público (1956), pp. 53-69.
13. Fontaine, Brazil and the United States, p. 67.
14. Former Foreign Minister Araújo Castro, who served from 1967 to 1975 as Ambassador to the United Nations and Ambassador to the United States, repeatedly stressed the NPT as the keystone of the superpowers' efforts to "freeze" the present stratification of international power. See his "O Congelamento do Poder Mundial" in Revista Brasileira de Estudos Políticos, 33 (January 1972), pp. 7-30. See also H. Jon Rosenbaum and Glenn M. Cooper, "Brazil and the Nuclear Non-Proliferation Treaty," International Affairs (January 1970), pp. 74-90.



15. See the discussion in Fontaine, Brazil and the United States, pp. 103-112, as well John R. Redick, Military Potential of Latin American Nuclear Energy Programs (Sage, 1972).
16. See Latin America, March 14, 1975, pp. 82-84.
17. The Westinghouse reactor at Angra dos Reis is to be producing power for commercial use in 1977, with nine others to be functioning by 1990. These are planned to have a generating capacity of 10,000 megawatts or the equivalent of 400,000 barrels of oil a day (twice Brazil's present production of crude petroleum). By that time Brazil hopes to be building reactors and exporting them to other Latin American countries. The agreement with the German Federal Republic calls for the reactors and fuel element fabrication plant for eight of these nuclear power plants as well as an experimental nozzle-type separation enrichment plant and one for reclamation of plutonium from used fuel and elements. This latter is the controversial aspect since this plutonium could be used for explosive devices. The agreement was approved by the German Parliament in April, with Silveira signing a formal treaty on June 27. At the same ceremony in Bonn, Ueki and his West German counterpart signed agreements providing for a variety of joint firms to carry out the cooperative provisions of this nuclear partnership. The Brazilian delegation included more technocrats than diplomats, even including the Brazilian Ambassador and his Minister Counselor. See "O Brasil na Era Atômica," Manchete, July 12, 1975, pp. 4-12.
18. See Veja, September 3, 1975, p. 81; Murilo Melo Filho, "A Sofrida Decisão," Manchete, October 25, 1975, pp. 12-13; Veja, October 15, 1975, p. 22.
19. Fontaine, Brazil and the United States, p. 64, argues that this Council was viewed as a vehicle for expanding Itamaraty's role, citing the Jornal do Brasil of November 5 and 6, 1959 as the source for this interpretation. Originally it was composed of the Secretary General and Chief of the Economics Division of Itamaraty plus representatives of the Finance and Labor Ministries, but its membership expanded greatly over the years to the detriment of Itamaraty's influence.
20. See Manchete, September 27, 1975, pp. 136-137.



21. In 1968 Brazil consumed 118 million barrels of crude, domestic production was 60 million or something more than half; by 1973 consumption had risen to 323 million barrels while Brazilian production had risen only marginally, accounting for 19 percent of this amount. Brazil has budgeted nearly \$3.5 billion for exploration during 1975-79. Yet in spite of Petrobrás' position as one of the world's 50 largest firms, with 1974 sales of \$5 billion and profits of \$540 million, the Geisel administration has decided to let foreign companies explore areas to which it cannot devote priority attention in order to reduce dependency on overseas sources of petroleum. See Ueki's interview in Manchete, November 29, 1975, pp. 160-161 and Manchete, January 24, 1976, pp. 116-117. Petrobrás will spend \$730 million of its own resources on exploration during 1976 and hopes to be producing 400,000 barrels a day by 1980 when Brazil's consumption will reach 1.2 million barrels a day.
22. Designed to greatly enhance Brazil's capabilities in the realm of international commerce, this ambitious program will cost Cr \$25 billion or close to US \$4 billion. Already shipbuilding in Brazil is running third in the world behind Sweden and West Germany. With nearly 40 shipyards (including Ishibrás with capacity for super tankers of up to 400,000 tons displacement, Venlo, and Mauá), Brazil is also engaged in a large-scale program of enlargement and modernization of its ports. See Manchete, January 17, 1976, pp. 91-93.
23. Philippe Schmitter, Interest Conflict and Political Change in Brazil (Stanford: Stanford University Press, 1971, p. 180.
24. Fontaine, "The Foreign Policy-Making Process in Brazil," p. 148.
25. The government also devotes significant effort to affecting their outlook as well as that of other sectors of the population. Specifically in the foreign policy field Itamaraty inspires and subsidizes Comércio Exterior, put out with a circulation of 38,000 through the major São Paulo magazine publishing firm, Editôra Abril since mid-1973 on a bimonthly basis.
26. Murilo Melo Filho, O Desafio Brasileiro (Bloch, 1970); O Milagre Brasileiro (Bloch, 1972); and O Modelo Brasileiro (Bloch, 1974).

27. Ibid., p. 116. See also his Brazil and the United States, pp. 20-53. Unfortunately both are very heavily weighted toward views and authors from the pre-1964 period.
28. As of 1970 there were roughly 65,000 Jews in Sao Paulo, 50,000 in Rio de Janeiro, 12,000 in Porto Alegre, with the rest scattered in other cities.
29. Veja, November 5, 1975, p. 95.

Notes to Section III, pages 128-140

1. Michael Brecher distinguishes among strategic, tactical, and implementing decisions in "Formulation of High Policy Decisions: Israel," Frank B. Horton III, Anthony C. Rogerson, and Edward L. Warner III (eds.) Comparative Defense Policy (Baltimore: John Hopkins University Press, 1974), pp. 169-170.
2. Meira Mattos, op. cit., p. 1.
3. Lt. Brigadier Nélson Freire Lavenère-Wanderly, Estratégia Militar e Desarmamento (Rio de Janeiro: Biblioteca de Exército, 1971), p. 34.
4. Geisel visited Paraguay late in 1975 and is scheduled to travel to Japan and France during 1976.
5. As measured by the quality of diplomatic personnel assigned there, Buenos Aires is clearly a top priority post. Not only did Silveira serve as Ambassador to Argentina before assuming the post of Foreign Minister, but his predecessor there was Pío Corrêa (a former Secretary General), and Gibson Barbosa had been Chargé in Buenos Aires in the late 1950's. Other priority embassies appear to have been Peru (where Araújo Castro and George Alvares Maciel represented Brazil in the late 1960's), Uruguay (where the present Secretary General was Chargé at about the same time), and Paraguay (Gibson Barbosa as Chargé in 1966-1967).
6. Thus, following the recent meetings between Geisel and Uruguayan President Bordaberry, Itamaraty spokesmen are quoted as saying that Uruguay's "pendulum" policy of leaning first toward one of its neighbors and then the other may be a thing of the past in light of the hold on the pendulum Brazil had gained by virtue of this credit, plans for joint development of the hydroelectric and navigational potential of the large lake on their border, and Brazil's bailing Uruguay out through purchase of its otherwise unmarketable beef surplus. See Veja, June 18, 1975, pp. 19-20.
7. At the time of Geisel's trip to Asuncion, Brazil made a \$3.5 billion loan to Itaipu Internacional. Paraguay is to repay its part over 30 years beginning in 1983. In effect it will be paying electricity. See Veja, December 10, 1976, pp. 22-23; Manchete, November 22, 1975, pp. 74-81, includes discussion of this vast project's impact on Paraguay.



8. The limitations on such a distinction are underscored by the Director of the Graduate Economics Program of the Getúlio Vargas Foundation, University of Chicago Ph.D. Carlos Geraldo Langoni, when he cautions that "at present the economic problem is much closer to the political area," to which a Brazilian news magazine added that "It ceases to be technical--like inflation and investments--and becomes political, discussing the quality of development, the role of the State, the economic system itself." See Veja, June 11, 1975, p. 79. See also his widely read A Economia da Transformação (Rio de Janeiro: José Olympio, 1975).
9. In Mauritania the Mendes Junior construction company is building a 600 km. desert road on a \$100 million contract with 300 Brazilian workers employed. This is small scale compared to Brazilian construction activities in Algiers or even Libya. See Veja, December 31, 1975, p. 62.
10. Two starters from Brazil's 1974 World Cup team are currently playing in Madrid, while Italian soccer's high salaries have long attracted name players from Brazil. Then, too, Emerson Fittipaldi, world champion Grand Prix racing driver in 1972 and 1974, is piloting a Brazilian-made car for a Brazilian sponsor during the 1976 circuit (which this year began with the Grand Prix of Brazil). Another Brazilian, Carlos Pace, has also entered the select company of recognized contenders for the Formula One championship. A concerted effort is being made to upgrade Brazil's representation in all Olympic sports in light of the great international television audience expected for the Montreal games.

Notes to Section IV, pages 141-166

1. For the perspective of the left before the eradication of the urban guerrilla bands and the bankruptcy of the kidnapping tactic see João Quartim, Dictatorship and Armed Struggle in Brazil (New York: Monthly Review Press, 1971), Miguel Arraes, Brazil: The People and the Power (London: Penguin Books, 1972); and Márcio Moreira Alves, A Grain of Mustard Seed (Garden City, N. Y.: Anchor Books, 1973). Also relevant is John W. F. Dulles, "The Brazilian Left: Efforts at Recovery, 1964-1970," The Texas Quarterly, Spring, 1972, pp. 134-185 and Neale J. Pearson, "Guerrilla Warfare in Brazil," prepared for the October, 1972, meeting of the Midwest Association of Latin American Studies.
2. Biographic data and information on career patterns are drawn from the annual Almanaque do Exército. Even for the fortunate minority the average is over six years as Lt. Colonel, more than seven years as Colonel, a full four years as Brigadier General, and nearly four as Divisional General before reaching the top rank. Thus, an officer making Lt. Colonel this year could hope to become a Colonel in 1982 or 1983, Brigadier General in 1989 or 1990, Divisional General in 1993 or 1994, and--with a good bit of luck as well as ability--full General in 1997 or 1998.
3. One can roughly think of Third Secretaries as Lieutenants, Second Secretaries as Captains, First Secretaries as Majors and Lt. Colonels, Counselors as Colonels, Ministers Second Class as Brigadier Generals, and Ministers First Class near the level of Divisional Generals, with the very top Ambassador bearing some relation to the rank of full General.
4. Golbery's eyesight was a major topic of Brazilian political journalism for more than three months. Manchete, July 12, 1975, pp. 126-129 carries an optimistic article on his operation in Barcelona. Back on the job by early August, Golbery had a great deal of lost ground to recover.
5. Quoted in Manchete, May 24, 1975, pp. 22-23.



6. Murilo Melo Filho, "O Fechamento da Abertura," Manchete, August 16, 1975, pp. 12-13, treats this story.
7. Manchete, January 10, 1976, p. 26; Veja, December 31, 1975, p. 21.
8. Murilo Melo Filho, "O Fantasma do AI-5," Manchete, January 24, 1976, pp. 12-13; Veja, January 14, 1976, pp. 21-26.
9. On General Dilermando, see Jornal do Brasil, January 22, 1976, p. 4 and Veja, January 28, 1976, pp. 20-23. Folha de S. Paulo, January 22, 1976, p. 3 discusses the inquiry into the "suicide" of Manuel Fiel Filho and the release of other suspected Communists following his death.
10. One of the best recent discussions of this division is Murilo Melo Filho, "O Dilema do Sistema: Radical ou Liberal," Manchete, July 26, 1975, pp. 24-25.
11. See Manchete, December 27, 1975, p. 14; Veja, January 7, 1976, p. 24, and Murilo Melo Filho, "Cada General Cumpriu Seu Papel," Manchete, February 7, 1976, pp. 18-20.
12. See Veja, December 10, 1975, pp. 86-89; December 17, 1975, pp. 100-102; December 24, 1975, pp. 69-70; December 31, 1974, pp. 52-56; and January 7, 1976, pp. 57-58 as well as the daily newspapers.
13. "Brasil entra na corrida mundial da força nuclear," Tendência, July 1975, pp. 44-47 contained a detailed discussion of the complex arrangements for establishment of a number of joint Brazilian and German enterprises to carry out different aspects of the agreements. The initial figure is put at CR\$ 34 billion, but the total eventual funding of all aspects including research of the jet nozzle centrifuge method for separation may reach four times that figure. See also "Brasil Atômico," Manchete, July 19, 1975, pp. 16-17.
14. This scenario bears some relation to the "Fortress Brazil" option elaborated a few years ago by Brady Tyson and H. Jon Rosenbaum and published in the latter's "Brazil's Foreign Policy: Developmentalism and Beyond," Orbis, Vol. XVI, 1 (Spring 1972), pp. 55-84.
15. The first is a traditional Brazilian saying; the second a slogan of the Medici government.